

Comprehensive Annual Financial Report

for the Fiscal Year Ended June 30, 2008





Located on the southeast side of the San Francisco Bay, Fremont is a city of over 210,000 people with an area of 90 square miles, making it the fourth most populous city in the Bay Area and California's fifth largest city in area. With its moderate climate and its proximity to major universities, shopping areas, recreational and cultural activities, employment centers, major airports, and the Bay Area Rapid Transit system, Fremont captures metropolitan living at its best.

The Fremont area was first settled with the establishment of Mission San Jose by the Spanish. In the mid-1840's, John C. Fremont mapped a trail through Mission Pass to provide access for American settlers into the southeastern San Francisco Bay Area. In 1853, Washington Township was established, taking in the communities of Mission San Jose, Centerville, Niles, Irvington, and Warm Springs. On January 23, 1956, these communities joined together to form the City of Fremont.

City of Fremont

Fremont, California

Comprehensive Annual Financial Report

For the year ended June 30, 2008

Prepared by:
Finance Department

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December 30, 2008

To the Honorable Mayor, Members of the City Council and
Citizens of the City of Fremont, California

Various financing covenants and rules associated with restricted funding sources require the City of Fremont, California (City) to publish a complete set of financial statements presented in conformance with generally accepted accounting principles (GAAP) and audited by a firm of licensed certified public accountants. The publication of these statements is to be completed from six to nine months following the end of the fiscal year. This report is published to fulfill the requirements noted above for the fiscal year ended June 30, 2008.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that is designed both to protect the City's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City of Fremont's financial statements in conformity with GAAP. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement.

Caporicci & Larson, a firm of licensed certified public accountants, has issued an unqualified ("clean") opinion on the City of Fremont's financial statements for the fiscal year ended June 30, 2008. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Fremont, incorporated in 1956, is located at the southeast end of the San Francisco Bay and is the 4th largest city in the Bay Area and 85th among the most populous cities in the nation, according to the 2000 census. The City of Fremont contains 92 square miles and serves a population of just over 210,000. In addition to a large cluster of high tech companies, Fremont has attracted many biotechnology companies and is also the home of New United Motor Manufacturing, Inc., a joint venture of General Motors and Toyota, which produces approximately 420,000 vehicles annually, including the Toyota Corolla and Tacoma, and the Pontiac Vibe.

Fremont is a general law city and, as such, does not operate under the provisions of a voter-approved charter. Like other general law cities, and charter cities with only minor differences, the City has limited ability to set tax rates. The State Constitution establishes a maximum rate for property tax and limits the growth of assessed value. The property tax collected is allocated among the jurisdictions in the City's tax rate areas based on criteria established by the State Legislature. The rate and tax base of the City's other major general tax, sales tax, are also controlled by the State Legislature or the Constitution, rather than the City Council.

The City of Fremont has operated under the council-manager form of government since its incorporation in 1956. Policy-making and legislative authority are vested in a five-member governing council consisting of the Mayor and four Councilmembers. The City Council is responsible for, among other things, passing ordinances, adopting the budget, approving the Mayor's nominees to commissions, and hiring both the City's manager and its attorney.

The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments. The City Council is elected on a non-partisan basis. Councilmembers serve four-year staggered terms, with two Councilmembers elected every two years. The Mayor is elected to serve a four-year term. The Mayor and Councilmembers are elected at large and all are subject to two-term limits.

The City of Fremont provides a broad range of services, including police and fire protection, construction and maintenance of streets, parks, storm drains and other infrastructure, recreational and cultural activities, and human services programs. The City also manages franchises for solid waste, cable television, and energy. Certain infrastructure construction and community development activities are provided through a legally separate redevelopment agency. The City Council sits as the redevelopment agency's board, and the agency functions, in essence, as a department of the City. Therefore, the Fremont Redevelopment Agency (RDA) has been included as an integral part of the City of Fremont's financial statements. Many major public services delivered within the City's boundaries, including water, wastewater, education, regional parks, and public transportation, are provided by other agencies. The City of Fremont is not financially accountable for the operations of the franchisees or these government agencies.

Increases of existing local taxes and any new taxes require voter approval. Taxes used for general purposes are subject to approval by a simple majority of voters, while taxes levied for specific purposes require a two-thirds majority of voters, as do property tax levies used to pay for debt issued to build capital assets. In November 2002, Fremont voters approved an additional tax levy to build and upgrade fire stations and other public safety facilities throughout the City. The first series of those bonds was issued in July 2003, with a second series following in April 2005. Work funded by bond proceeds is progressing on schedule.

Assessments have varying requirements for voter approval, ranging from approval through Council action unless challenged by a majority protest, to two-thirds voter approval, with voting rights apportioned based on the amount of the assessment. In addition, fees for facilities and services are subject to requirements that they be set at levels that do not exceed the reasonable costs of providing services. As a result, fund balances generated by differences between fee revenue and related expenses are designated for services and facilities that benefit fee payers.

Factors Affecting Financial Condition

We believe the information presented in the financial statements is best understood when it is considered from the broader context within which the City of Fremont operates.

Risk and volatility in funding sources collected or allocated by the State. During the last twenty years, the City has lost its ability to set tax rates without voter approval and the State of California has diverted local revenues to offset its own budget problems. A constitutional amendment (Proposition 1A), passed by State voters on November 2, 2004, limits the reductions of local government revenues in FY 2006/07 and future years and recharacterizes those reductions as “loans” rather than “takeaways.” It also limits the State’s ability to borrow local revenue allocations to twice every ten years. Limits on the “loans” are based on the total amount allocated to local government, not the specific amounts allocated to an individual agency. Another provision permanently reduced the vehicle license fee rate and replaced local government’s lost in-lieu vehicle taxes with property tax money that has been transferred away from local governments annually since 1993.

The State also proposed, and the voters approved, a constitutional amendment (Proposition 57) transferring a quarter of local government’s 1% sales tax rate to the State to guarantee repayment of bonds issued in FY 2003/04 by the State to finance its operating deficit. That sales tax was replaced with property tax that has been transferred away from local governments annually since 1993. The revenue shift (referred to as the “triple flip”) began in FY 2004/05 and will continue until the deficit bonds issued by the State to finance its budget shortfalls are repaid.

The City Council cannot control the rates of the City’s largest revenues. The State’s Proposition 13-related revisions to the property tax allocation formula, its reductions to city and county sales tax rates, and its cuts to the personal property tax rate for vehicles illustrate the broad extent of the State’s control of the City’s revenues. This outside control adds to the volatile nature of City resources.

Local economy. During the last ten years, the City experienced very strong economic growth followed by a significant decline in revenues related to the condition of the Silicon Valley economy. Despite only moderate effects on consumer retail and a remarkably strong

residential housing market, the business downturn was so severe that it forced major reductions in basic City services in FY 2003/04 that remain in place today (with some exceptions for public safety functions). In addition, with the recession in which the City and the nation currently finds itself, additional expenditure cuts have been instituted and management is aggressively managing vacancies.

Since 2004, approximately 1,250,000 square feet of new retail activity has been added throughout Fremont, and there are more new retail projects in the planning stages for 2008 and beyond. At the end of FY 2007/08, sales tax data indicates that the City is experiencing modest economic growth; however, that growth will likely slow or be flat in FY 2008/09. Economic signals indicate we are in a recession caused by the far-reaching impacts of the housing slump and the subprime mortgage meltdown. The City's warehouse and manufacturing property is beginning to see increased vacancy rates – a potentially negative sign for our local economy.

As the retail development at Pacific Commons continues to mature, the City continues to experience positive economic benefits from this development project. However, two significant retailers have declared bankruptcy and are closing their stores, and this will certainly have an effect on the City's economy. Fremont has also benefited in the past with a large and diverse auto mall. However, new car sales have been on the decline since gasoline prices shot up in FY 2007/08. Economic recovery is predicted to occur sometime in FY 2010/11, and the City may once again benefit from its location in Silicon Valley, its significant regional transportation infrastructure investment, and its supply of developable land.

CalPERS. The California Public Employees' Retirement System (CalPERS) has suffered portfolio losses and earned sub-par yields in four of the last seven years. The impact of portfolio losses began to affect City retirement contributions beginning in FY 2003/04, and the impact will continue to be felt. Because of actions taken by the CalPERS Board to mitigate the magnitude of employer rate fluctuations, the City's actuary projects that the current higher rates will continue to remain in effect for the foreseeable future. With news that CalPERS experienced significant losses in FY 2007/08 related to all of the economic turmoil, CalPERS has warned local agencies to expect additional rate increases beginning in FY 2010/11.

State budget. In September 2008, the State passed a budget that is heavily dependent on debt and deferral of expenses and continues to face a multibillion dollar structural deficit in FY 2008/09 and beyond. A report issued by the Legislative Analyst's Office in December 2008 reported a \$9 billion shortfall this fiscal year and a \$19 billion problem in FY 2009/10. As the economy has continued its slide downward, the State is now facing a \$14.8 billion deficit in the current (FY 2008/09) budget, and the Governor's Department of Finance now believes that gap will grow to \$41.8 billion through June 2010 if nothing is done to address the problem.

In accordance with the provisions of Proposition 58 (The California Balanced Budget Act), passed by the voters in 2004, the Governor has declared a “fiscal emergency” and convened a special session of the Legislature in November 2008 and again in December (after the new Legislature was seated) to begin dealing with this significant budget gap now, rather than waiting for the normal budget cycle to commence. This action has yet to produce any tangible results to resolve the State’s growing financial problem.

In 2004, voters approved Proposition 1A, which provides a small level of protection for local revenues. However, if needed the State, beginning in FY 2008/09, can once again turn to cities to help balance its budget. Given the current condition of the State’s budget and its inability so far to deal with its structural issues, staff is concerned about future actions the State may take.

Long-term financial planning. The City Council has continued to focus attention on the long term benefits of transportation infrastructure improvement, recruitment of consumer retail uses to balance the City’s business-to-business sales tax base, and development of a pedestrian oriented urban center in the City’s Central Business District.

Resources have been accumulated for the City’s share of a freeway interchange that began construction in FY 2004/05 and that will allow completion of major upgrades to I-880 through Fremont. This interchange is the last of four using local funding to allow the completion of extensive freeway investments funded by the County, the State and the federal government. Construction also continues on two grade separations that will increase safety, reduce congestion and facilitate extension of the Bay Area Rapid Transit District commuter rail system south to the City’s Warm Springs district and from there, eventually, to San Jose. These transportation system improvements, totaling \$298 million, will receive redevelopment funding of over \$90 million as part of an overall plan that includes State, regional, federal and other local funds. A large part of the RDA’s fund balance and smaller amounts of the City’s fund balances are designated for these projects.

Economic Development and Community Development staffs have worked closely with landowners, developers and retailers to finish the fourth phase of Pacific Commons, to include new retailers and restaurants (including Asian Pearl, Prolific Oven, and Ashley Furniture). These additions increase the draw of Fremont’s regional power center, which is anchored by Lowe’s, Kohl’s, Costco, and a wide variety of restaurants, including Claim Jumper, PF Chang’s, and Carino’s. Efforts are also underway to entitle a second retail power center in the southern section of Fremont, to be known as Creekside Landing. Expected tenants include Target and Nordstrom Rack, as well as other specialty retailers.

In addition to retail development, efforts are continuing to expand Fremont’s industrial base. Clean technology firms are establishing a cluster, which includes firms involved with research and development, as well as large scale manufacturing. These firms include Solyndra, Solaria, Deeya and Purrfresh, and it is expected that this sector of industry will continue to find

Fremont a desirable location due to affordable space, a qualified workforce, and a central Bay Area location.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fremont for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2007. This was the 24th consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and legal requirements. A Certificate of Achievement is valid for one year only. We believe our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for FY 2008/09. This was the twelfth consecutive year the City received this prestigious award. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide and a communications device.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We would also like to express our appreciation to all the members of the departments who assisted and contributed to the preparation of this report. Credit and thanks, also, to the City Manager, and the Mayor and City Councilmembers for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Fremont's finances.

Respectfully submitted,

A handwritten signature in blue ink that reads "Harriet V. Commons". The signature is written in a cursive, flowing style.

Harriet V. Commons, CPA
Finance Director/Treasurer

City of Fremont

June 30, 2008

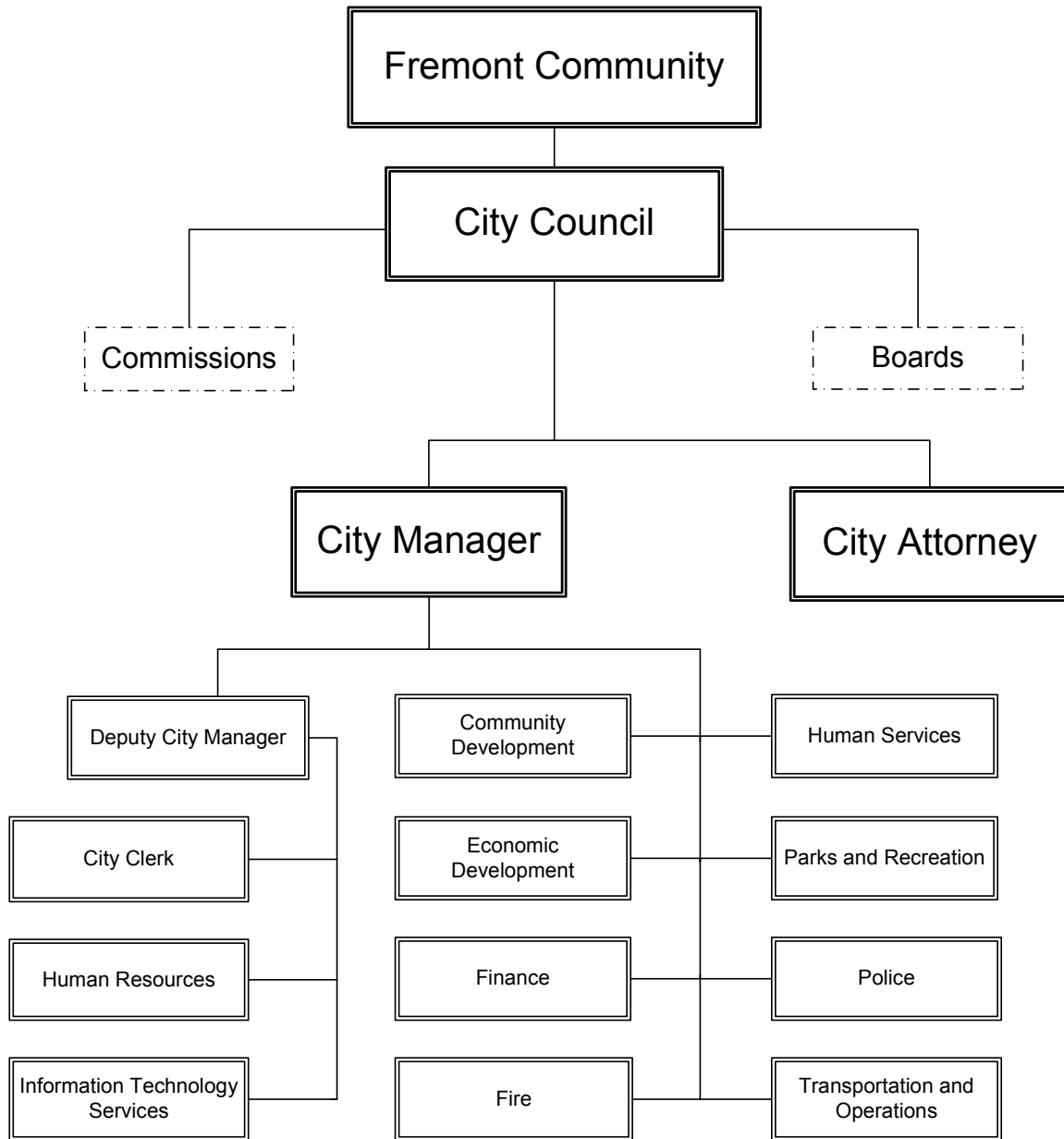
City Council

Mayor	Bob Wasserman
Vice Mayor	Bill Harrison
Councilmember	Steve Cho
Councilmember	Bob Wieckowski
Councilmember	Anu Natarajan

City Staff

City Manager	Fred Diaz
City Attorney	Harvey E. Levine
Deputy City Manager	Melissa Stevenson Dile
City Clerk	Dawn Abrahamson
Finance Director	Harriet Commons
Information Technology Services Director	Marilyn Crane
Economic Development Director	Daren Fields
Parks & Recreation Director	Annabell Holland
City Engineer	Norm Hughes
Acting Human Resources Director	Kathy Ito
Community Development Director	Jill Keimach
Fire Chief	Bruce Martin
Transportation & Operations Director	Jim Pierson
Planning Director	Jeff Schwob
Human Services Director	Suzanne Shenfil
Chief of Police	Craig Steckler
Housing & Redevelopment Director	Elisa Tierney

City of Fremont Organization Chart
Fiscal year 2007/08



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Fremont
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Charles S. Cox

President

Jeffrey R. Enen

Executive Director

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of City Council
of the City of Fremont
Fremont, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Fremont, California (City), as of and for the years ended June 30, 2008 and 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As explained in Note 14 to the basic financial statements, the City's investments were impaired as a result of the failure of certain investments held. The impairment occurred after the end of the fiscal year 2008 and the impact on the City was approximately \$4,000,000.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2008 and 2007, and the respective changes in financial position, and where applicable, cash flows thereof for the years then ended in conformity with generally accepted accounting principles in the United States.

Subsequent to the basic financial statements date of June 30, 2008 and the year then ended, the United States has entered into a Financial Credit Crisis. Although the United States Federal Government has taken actions which, at least in part, are intended to relieve and correct this Financial Credit Crisis, investments are subject to significant impairment and losses. To date, the City has not been informed and is not aware of any investment losses except for the ones discussed in the third paragraph. Accordingly, such investment losses, if any, have not been reflected in the accompanying basic financial statements.

Toll Free Ph: (877) 862-2200

Toll Free Fax: (866) 436-0927

Oakland
180 Grand Ave., Suite 1365
Oakland, California 94612

Orange County
9 Corporate Park, Suite 100
Irvine, California 92606

Sacramento
777 Campus Commons Rd., Suite 200
Sacramento, California 95825

San Diego
4858 Mercury, Suite 106
San Diego, California 92111

To the Honorable Mayor and Members of City Council
of the City of Fremont
Fremont, California
Page Two

As described in Note 1 to the basic financial statements, the City adopted Statements of Governmental Accounting Standards Board No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits (OPEB) other than Pensions*, No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues* and No. 50, *Pension Disclosures*, an Amendment of GASB Statements No. 25 and No. 27.

In accordance with Government Auditing Standards, we have also issued our report dated December 23, 2008 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Required Supplementary Information, such as Management's Discussion and Analysis, budgetary comparison information and other information, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board of the United States. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the Required Supplementary Information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Introductory Section, Supplementary Information, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Supplementary Information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Capricci & Carson

Oakland, California
December 23, 2008

CITY OF FREMONT, CALIFORNIA
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008

As management of the City of Fremont, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Fremont for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information we have furnished in our letter of transmittal, which can be found in the Introductory Section at the front of this report.

FINANCIAL HIGHLIGHTS

- On an entity-wide basis, the total assets of the City of Fremont exceeded its liabilities at the close of the most recent fiscal year by \$902,941,000 (net assets). Of this amount, \$43,467,000 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors without constraints established by debt covenants, enabling legislation, or other legal requirements.
- The City's total net assets increased by \$66,852,000 as a result of actions taken by the City Council and City Manager to minimize costs and control spending, somewhat improved revenues, and the receipt of significant capital grants related to the Washington Boulevard/Paseo Padre Parkway Grade Separation project.
- As of June 30, 2008, the City of Fremont's governmental funds reported combined ending fund balances of \$304,806,000, an increase of \$2,000,000 in comparison with the prior year. Of this amount, 23% (\$71,342,000) is reserved to indicate that it is not available for new spending because it has already been committed either to liquidate contracts and purchase orders of the prior period (\$59,672,000), or to pay debt service (\$11,670,000). The remaining 77% (\$233,464,000) constitutes unreserved fund balance that is available for spending, but has been designated for a variety of specific future uses.
- At the end of FY 2007/08, unreserved fund balance for the General Fund was \$36,318,000. Of this amount, \$17,801,000 was designated by City Council policy for unforeseen events (contingencies) and \$3,560,000 was designated by City Council policy for start-up costs for future programs with the potential to generate revenues sufficient to cover costs and repay the start-up investment. Both of these policies were adopted by the City Council in June 1996. In addition, \$11,176,000 was designated to provide funds to deal with significant levels of financial uncertainty related to the City's economic environment and the unknown effects of the State budget, \$2,243,000 was appropriated in the FY 2008/09 operating budget, and a positive \$649,000 was designated for fair value adjustments to the City's investment portfolio for net gains recognized by the City, but not yet realized at June 30, 2008. The remaining \$889,000 represents unreserved and undesignated fund balance because it was not anticipated at the time the FY 2008/09 budget was adopted, which was before the FY 2007/08 books were closed. Had its existence been known at that time, it would have been included in the FY 2008/09 budget.
- The City's total capital debt decreased by \$10,300,000 due to annual debt service payments. No new debt was issued in FY 2007/08.

City of Fremont, California
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Fremont's basic financial statements, which consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Fremont's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the City's assets and liabilities on an entity-wide basis, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities and Changes in Net Assets presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes, and earned but unused vacation and other compensated leave).

All of the City's activities are considered to be governmental in nature and, as a result, no business-type activities are reported in these statements. Governmental activities are those that are principally supported by taxes and intergovernmental revenues. For the City of Fremont, governmental activities consist of police services, fire services, human services, capital assets maintenance, recreation services, community development and environmental services, and general government administration.

The City is the primary government in this report. There are no discretely presented component units. However, these financial statements include three other entities that, although legally separate, are important because the City is financially accountable for them. These component units are the Redevelopment Agency of the City of Fremont (Agency), the Fremont Public Financing Authority (Authority), and the Fremont Social Services Joint Powers Authority (JPA). These component units have been included as an integral part of the City of Fremont (that is, their accounts are "blended" with those of the City) and they are not reported as separate discrete component units in these financial statements.

City of Fremont, California
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Fremont, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Fremont can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to assist the reader with this comparison between governmental funds and governmental activities shown in the government-wide financial statements.

The City of Fremont maintains fifty-four individual governmental funds. Information is presented in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the following individual funds that are considered to be major funds:

- General Fund
- Redevelopment Agency Operations
- Low and Moderate Income Housing
- Redevelopment Agency Debt Service
- Redevelopment Agency Capital Projects
- Development Impact Fees
- Development Cost Center
- Recreation Services
- Capital Maintenance

Data for the other forty-five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund, and the Redevelopment Agency Operations, Development Cost Center, and Recreation Services funds. Budgetary comparison statements have been provided elsewhere in this report to demonstrate compliance with the adopted budget.

City of Fremont, California
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008

Proprietary funds. The only proprietary funds the City has are internal service funds, which are accounting devices used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its risk management activities, information technology services, and other post-employment benefits. Because these services exist to benefit governmental functions, they have been included within governmental activities in the government-wide financial statements.

The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the form of combining statements elsewhere in this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The only fiduciary funds the City has are agency funds. The accounting used for these funds is much like that used for governmental funds. These funds are reported in a separate statement of fiduciary net assets.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements follow the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This information includes budgetary comparison schedules, as well as more detailed information about the City's use of the modified approach for certain of its infrastructure assets, and about its progress in funding its obligation to provide pension benefits to its employees.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's overall financial position. In the case of the City of Fremont, assets exceeded liabilities by \$902,941,000 at the close of the 2007/08 fiscal year. In comparison, last year assets exceeded liabilities by \$813,201,000.

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Information about net assets is presented in the summary schedule, below:

SUMMARY OF NET ASSETS
JUNE 30, 2008 AND 2007
(dollars in thousands)

	2008	2007	Percentage Change
Current and other assets	\$ 384,103	\$ 351,708	9.2%
Capital assets	800,029	721,146	10.9%
Total assets	1,184,132	1,072,854	10.4%
Current liabilities	69,700	40,104	73.8%
Noncurrent liabilities	211,491	219,549	(3.7%)
Total liabilities	281,191	259,653	8.3%
Net assets:			
Invested in capital assets, net of related debt	597,016	507,802	17.6%
Restricted	262,458	253,733	3.4%
Unrestricted	43,467	51,666	(15.9%)
Total net assets	\$ 902,941	\$ 813,201	11.0%

The increase in current and other assets is primarily due to more cash and investments held by the City at June 30, 2008 because of increased collections of development impact fees and increased amounts received from other governments related to the Washington Boulevard/Paseo Padre Parkway Grade Separation project, as well as proceeds of tax and revenue anticipation notes issued in FY 2007/08 and not repaid until FY 2008/09. Current liabilities increased because accounts payable were higher at the end of FY 2007/08 as a result of amounts due to contractors for street maintenance and the grade separation project. The primary reason for the decrease in noncurrent liabilities is the repayment of \$10,300,000 in long-term debt.

By far, the largest portion of the City's net assets (66%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources because the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net assets (29%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (5%) may be used to meet the City's ongoing obligations to citizens and creditors.

The City's net assets increased by \$89,740,000 (11.0%) during the current fiscal year. Of this amount \$66,852,000 (74%) was from current operations and \$22,888,000 (26%) was due to a prior period adjustment for the capitalization of fixed asset costs in prior years related to the Washington

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Boulevard/Paseo Padre Parkway Grade Separation project. Information about changes in net assets is presented in the summary schedule, below:

SUMMARY OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007
(dollars in thousands)

	<u>2008</u>	<u>2007</u>	<u>Percentage Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 33,000	\$ 34,025	(3.0%)
Operating grants and contributions	25,381	20,971	21.0%
Capital grants and contributions	31,205	7,295	327.8%
General revenues:			
Property tax	98,145	90,039	9.0%
Sales tax	35,584	34,191	4.1%
Business tax	7,509	6,738	11.4%
Transient occupancy tax	3,181	2,885	10.3%
Property transfer tax	1,092	1,505	(27.4%)
Vehicle license fees	939	1,220	(23.0%)
Development impact fees	11,012	10,846	1.5%
Franchise fees	7,954	7,902	0.7%
Investment earnings	17,425	13,759	26.6%
Miscellaneous	3,402	5,839	(41.7%)
Total revenues	<u>275,829</u>	<u>237,215</u>	16.3%
Program expenses:			
General government	13,071	13,008	0.5%
Police services	54,340	50,901	6.8%
Fire services	31,949	28,587	11.8%
Human services	8,570	7,023	22.0%
Capital assets maintenance and operations	45,348	51,923	(12.7%)
Recreation services	6,249	5,747	8.7%
Community development and environmental services	39,566	35,676	10.9%
Interest on debt	9,884	9,046	9.3%
Total program expenses	<u>208,977</u>	<u>201,911</u>	3.5%
Increase in net assets	66,852	35,304	89.4%
Net assets, beginning of year	813,201	777,897	4.5%
Prior period adjustment	22,888	0	n/a
Net assets, end of year	<u>\$902,941</u>	<u>\$813,201</u>	11.0%

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Revenues. Charges for services decreased by \$1,025,000 (3.0%) from the prior year. The single most significant decrease is related to Environmental Services, which decreased by \$2,279,000, because of the lower disposal costs that are part of the solid waste collection rates. Partially offsetting that decrease was an increase in charges for services in the Development Cost Center of \$1,118,000 related to a few large development projects, including the A's Ballpark Village project and the Globe Market. Other charges for services increased slightly, such as Human Services and Recreation Services charges, due to adjustments in the types of services provided to better meet the community's needs and fee increases to keep pace with inflation.

Operating grants and contributions increased by \$4,410,000 (21.0%) compared to the prior year, primarily due to increased grants and contributions for street maintenance funded by State Proposition 1B money (\$3.5 million) and increased Human Services grants (\$800,000). There were also a variety of relatively minor decreases/increases in other grant funding sources throughout the organization.

Capital grants and contributions increased by \$23,910,000 (327.8%) compared to the prior year. This is the result of increased grants and contributions for street improvements and capital projects – specifically, the Washington Boulevard/Paseo Padre Parkway Grade Separation and the Water Park projects.

The City's property tax revenues increased \$8,106,000 (9.0%) and reflect the increase in assessed valuation from the prior year. However, the City anticipates a softening of property tax revenues in the future in the wake of the continuing downturn in the housing market both locally and nationally. Gross assessed valuation for secured property increased 6.7% between FY 2006/07 and FY 2007/08. The balance of the increase in property tax revenue is primarily due to receipt of \$1,853,000 in supplemental property tax revenue, primarily in the Industrial redevelopment project area.

Sales tax increased \$1,393,000 (4.1%) due to modest increases in economic activity, the high cost of gasoline, and one-time retooling and capital asset acquisitions by major local businesses. Sales tax from business-to-business activity held its own. However, growth in all sales tax sectors has since slowed or even declined, and the economy has been officially declared to be in recession.

Business tax revenues increased by \$771,000 (11.4%) compared to last year because of increased enforcement efforts, as well as the stability of Fremont's business climate.

Property transfer tax decreased 27.4%, from \$1,505,000 in FY 2006/07 to \$1,092,000 in FY 2007/08. This decrease is attributable to the significant slow-down in the housing market, much of it related to tightening credit as a result of the subprime mortgage crisis, and the dramatic decrease in sales of homes. This revenue source is an indicator of changes likely to occur in property tax revenues.

Vehicle license fees (VLF) decreased by 23.0%, from \$1,220,000 in FY 2006/07 to \$939,000 in FY 2007/08. This decrease is a result of new legislation (AB 1602) that provides for an annual redistribution of VLF revenues to newly incorporated cities and annexed areas throughout the state. Since last fiscal year, vehicle sales have decreased significantly, and it is anticipated this revenue source will decline even further in the current fiscal year.

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Investment earnings were higher because of marginally higher interest rates over the course of the year, combined with larger cash and investment balances throughout the year. In FY 2007/08, the average portfolio yield was 4.74%, compared to 4.67% in FY 2006/07. The major reason for the increase in investment earnings is more cash on hand during the year. The City issued tax and revenue anticipation notes in FY 2007/08, whereas no such issue occurred in FY 2006/07.

The decrease in miscellaneous and other revenue is attributable to a one-time event in FY 2006/07 that did not occur in FY 2007/08. In FY 2006/07, property on Canyon Heights Drive was sold, resulting in one-time revenue of \$4,172,000.

Program Expenses. The City's revenues continue to be volatile, while expenses are more predictable. Although program expenses increased by 3.5%, to \$208,977,000, in FY 2007/08, this increase is due to the filling of additional public safety positions that were vacant in the prior year, unanticipated public safety overtime costs, increased street maintenance efforts made possible by the receipt of additional resources from other governmental agencies, and inflationary increases. When the revenues associated with program expenses are taken into account, the net costs of services actually decreased by 14.5% between FY 2006/07 and FY 2007/08. This continues the City's efforts to minimize costs and control spending that began in FY 2003/04 when staffing levels were reduced by more than 20%.

Economic factors and next year's budget are discussed in more detail later in this discussion and analysis.

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For each governmental activity, the total costs are the expenses associated with that activity. Net costs take into account any revenues that support the costs of an activity directly, such as grants and charges for services. Information about the total and net cost of governmental activities is presented below:

TOTAL AND NET COST OF GOVERNMENTAL ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007
(dollars in thousands)

	<u>Total Cost of Services</u>			<u>Net Cost of Services</u>		
	2008	2007	% Change	2008	2007	% Change
Police services	\$54,340	\$50,901	6.8%	\$47,888	\$43,887	9.1%
Fire services	31,949	28,587	11.8%	28,527	25,692	11.0%
Human services	8,570	7,023	22.0%	3,883	2,947	31.8%
Capital assets maintenance and operations	45,348	51,923	(12.7%)	(5,262)	28,693	(118.3%)
Recreation services	6,249	5,747	8.7%	2,220	1,902	16.7%
Community development and environmental services	39,566	35,676	10.9%	20,669	14,810	39.6%
General government	13,071	13,008	0.5%	11,582	12,643	(8.4%)
Interest on debt	9,884	9,046	9.3%	9,884	9,046	9.3%
Total	\$208,977	\$201,911	3.5%	\$119,391	\$139,620	(14.5%)

Both police and fire services expenses increased this year, partially due to increased labor costs. There were also a number of public safety incidents during the year that resulted in additional overtime costs for police services. In addition, fire services expenses increased because the City received a Staffing for Adequate Fire and Emergency Response (SAFER) grant from the U. S. Department of Homeland Security for the addition of 10 fire fighter positions.

The increased costs for human services (\$1,547,000) were significantly offset by increased grants and by increases in revenues from charges for services, resulting in net cost of services increasing by \$936,000.

Total costs for capital assets maintenance and operations decreased 12.7%, primarily because less State grant money was available. This decrease in expenses is also attributable to the cyclical nature of capital maintenance projects. These expenses were more than offset by increased capital grants to fund the Washington Boulevard/Paseo Padre Parkway Grade Separation project. Maintenance of the City's capital assets is an important priority, and staff continues to work to find and deploy funding in the most effective way possible.

Recreation services expenses in FY 2007/08 increased by 8.7% (\$502,000). This is due to the increased costs of providing these services, which were partially offset by fee increases to program participants, so that the total increase in net costs was only \$318,000. Since FY 2001/02, the total cost of recreation services has only increased 2.3% (from \$6,110,000 in FY 2001/02), and the net cost has decreased 29.1% (from \$3,133,000 in FY 2001/02).

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Community development and environmental services expenses increased 10.9% (\$3,890,000). This increase is mainly due to additional Redevelopment Agency project costs because of the I-880/Mission Boulevard Interchange transportation project and the Niles Town Plaza historic project. In FY 2007/08, the Agency's community development expenses were \$11,044,000, compared to \$6,023,000 in FY 2006/07.

The total cost of general government services increased by 0.5% (\$63,000), from \$13,008,000 in FY 2006/07 to \$13,071,000 in FY 2007/08, primarily due to filling some authorized positions that had been vacant in the prior year and inflationary costs, and offset by holding a number of other vacancies unfilled. Overall, the total cost of general government in actual dollars, which does not account for inflation, has increased only 3.1% since the FY 2001/02 level of \$12,678,000.

A significant portion of the City's long-term debt is variable rate debt, and interest payments fluctuate according to market rate changes. Because of the overall increase in interest rates in FY 2007/08 and the issuance of \$28,000,000 in Tax and Revenue Anticipation Notes (TRANs), the City's interest expense increased by 9.3% (\$838,000). The effects of increased rates are also seen in the increased interest revenues earned by the City on its cash and investments.

Economic factors and next year's budget are discussed in more detail later in this discussion and analysis.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The State Budget Act of 2004 substantially changed the valuation, distribution method, and timing of three major local government revenues: property tax, sales tax, and vehicle license fees. In FY 2004/05, the State issued Economic Recovery Bonds as part of the solution to its record budget deficit. As security for these Bonds, the State temporarily changed the local sales tax allocation from 1% to 0.75% and replaced the reduction of local sales tax with a dollar-for-dollar allocation of local property tax from the County Educational Revenue Augmentation Fund (ERAF). This exchange mechanism (the so-called "triple flip") will be in place as long as the Bonds are outstanding. True-up reconciliations between the actual amounts and the State estimates are done each year in October, and the true-up property tax distribution is paid in January of the following year. The net effect of this exchange on the City is that property tax is remitted twice a year, while sales tax is remitted monthly.

During FY 2004/05, the State also permanently reduced the Vehicle License Fee (VLF) rate from 2% to 0.65%. For FY 2004/05, the amount the City would have received from VLF at the 2% rate was calculated and the difference between the two amounts was added to the property tax base through transfer from the County ERAF. The City now receives its portion of VLF at the now-permanent low rate and the increased property tax base grows according to economic conditions. In addition, beginning in FY 2006/07, AB 1602 provides for reallocations of VLF based on new incorporations and annexations that occur throughout the state.

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For the Fiscal Year Ended June 30, 2008

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of FY 2007/08, the City's governmental funds reported combined ending fund balances of \$304,806,000, an increase of \$2,000,000 from the prior year. Of this amount, 23% (\$71,341,000) is reserved to indicate that it is not available for new spending because it has already been committed either to liquidate contracts and purchase orders of the prior period (\$59,672,000), or to pay debt service (\$11,670,000). The remaining 77% (\$233,465,000) constitutes unreserved fund balance that is available for spending, but has been designated for a variety of specific future uses.

The following are the major funds that either qualified under the reporting criteria or were considered to be important to financial statement users:

General Fund – The General Fund is the City's chief operating fund. At the end of FY 2006/07, total fund balance was \$42,134,000, of which \$41,684,000 was unreserved. At the end of FY 2007/08, total fund balance was \$36,521,000, of which \$36,318,000 was unreserved. Of this unreserved amount, \$17,801,000 (12.5% of budgeted expenditures and transfers out) was designated by City Council policy for use for costs associated with unforeseen events (contingencies), and \$3,560,000 (2.5% of budgeted expenditures and transfers out) was designated by City Council policy for start-up costs for future programs with potential to generate revenues sufficient to cover costs and repay the start-up investment. Both of these policies were adopted by the City Council in June 1996. In addition, \$11,176,000 was earmarked to provide funds to deal with significant levels of financial uncertainty related to the City's economic climate and the unknown effects of the ongoing State budget imbalance. A positive \$649,000 was designated for fair value adjustments to the City's investment portfolio for net gains recognized by the City, but not yet realized at June 30, 2008 and \$2,243,000 was designated for future appropriations as part of the adoption of the City's FY 2008/09 budget. The remaining \$889,000 is unreserved and undesignated because this residual was not anticipated at the time the FY 2008/09 budget was adopted, which occurred before the FY 2007/08 accounting records were closed. Had the existence of this additional fund balance been known, it would have been included in the FY 2008/09 budget.

The fund balance of the City's General Fund decreased by \$5,613,000 during the 2007/08 fiscal year, compared to an increase of \$2,099,000 in the prior year. Revenues and transfers in of \$136,190,000 were 4.2% (\$5,509,000) higher than in FY 2006/07. Increases in property tax, sales tax, charges for services, and investment earnings all contributed to the positive revenue growth in the General Fund. Expenditures and transfers out of \$141,802,000 increased by 10.3% (\$13,221,000). Unanticipated public safety overtime, the filling of some authorized public safety positions that had been vacant in the prior year, and negotiated labor contract increases, as well as other inflationary costs, all contributed to this increase.

Redevelopment Operations Fund – This is the Redevelopment Agency's operating fund and it is funded with transfers from the Agency's Debt Service Fund. This fund records the administrative

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expenditures required to support the Agency's capital projects and includes pass-through payments to other taxing entities. This fund balance totaled \$23,000 at June 30, 2008, compared to \$1,487,000 a year earlier.

Low and Moderate Income Housing Fund – This fund receives 20% of the Redevelopment Agency's tax increment revenue, \$7.4 million in FY 2007/08, as a set-aside for development of affordable housing. This fund balance totaled \$21,637,000 at June 30, 2008, compared to \$18,895,000 a year earlier. The increase in the fund balance is mainly due to lower housing project expenditures because many developments, such as Maple Square Apartment Homes, Lincoln Street Apartments, Irvington Family Apartments, and Rotary Bridgeway Apartments, have been completed and new housing projects are still in the pre-development phase. The ongoing First Time Home Buyers Program and Single Family Rehab Loans were the only significant disbursements in FY 2007/08. All of this fund balance is designated for future low and moderate income housing projects as part of the Agency Board's adoption of the Agency's funding allocations plan and project appropriations plan.

Redevelopment Agency Debt Service Fund – This fund receives 80% of the Redevelopment Agency's tax increment revenue to repay outstanding debt and support the Agency's non-housing redevelopment projects. This amounted to approximately \$29,573,000 in FY 2007/08. Total tax increment revenue (including the 20% set-aside for housing) increased 16.7% in FY 2007/08, to \$36,996,000 million from \$31,695,000 in the previous fiscal year. All of the fund balance in this fund (\$7,996,000) is reserved for payment of debt service on the Agency's outstanding bonds.

Redevelopment Agency Capital Projects Fund – This fund accounts for the remaining proceeds of tax allocation bonds and tax increment revenues that are not needed for debt service and can be used to fund the Agency's non-housing projects. Expenditures are shown in the community development and capital outlay categories. Fund balance totaled \$86,510,000 at June 30, 2008, compared to \$45,142,000 a year earlier. The increase is due to a transfer in from the Debt Service Fund of \$52,182,000 in tax increment not needed for debt service and, as a result, is available and fully designated for capital projects. Major expenses included payments related to regional transportation projects (\$8,975,000) and redevelopment efforts in the historic district project areas (\$4,037,000).

Development Impact Fees – This fund represents the aggregate total of park dedication fees, park facility fees, fire impact fees, traffic impact fees and capital facility fees. These fees are levied on all new development in the City to pay for the construction and improvement of public facilities needed as a result of growth. Fees collected in FY 2007/08 were 7.3% higher than the amount collected in FY 2006/07. This increase in annual collections is largely due to several new housing developments for which permits were issued in FY 2007/08. During FY 2007/08, 79% of this fund's expenditures (\$7,254,000) were for park-related projects, and 20% (\$1,821,000) were for traffic-related impacts. In addition, \$1,832,000 was transferred to other funds for use in mitigating traffic-related impacts and for debt service related to capital facilities.

Because these funds are collected for construction or improvements of public facilities, the unreserved fund balance of \$55,292,000 is fully designated for capital projects, of which \$40,899,000 is related to park development and acquisition. These funds have not yet been spent because of the operational maintenance impacts of adding new parks. These projects are progressing cautiously because of the

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need to ensure that sufficient operating revenues exist so that park facilities can be adequately and appropriately maintained.

Development Cost Center – This fund was established to account for the transactions and activities related to the City's development services, including engineering, planning, and building and construction inspection activities. Its customers are not only the development community, but also the City itself for its own capital projects. Fees collected in this cost center are used for the benefit of the fee payers.

In FY 2002/03, the total dollar valuation of building permits was \$181,799,000, reflecting economic conditions of the last recession. Building activity began to recover in subsequent years, as evidenced by increases in the total dollar valuation to \$241,257,000 in FY 2003/04, \$323,921,000 in FY 2004/05 and \$340,050,000 in FY 2005/06. In FY 2006/07, the total valuation of permits issued declined to \$285,831,000. However, in FY 2007/08, the total valuation increased significantly to \$390,898,000, mainly due to some large commercial and housing development permits being issued in FY 2007/08. At the end of FY 2007/08, unreserved fund balance totaled \$2,898,000, up from \$2,401,000 in the prior year. This fund balance is designated for various development cost center purposes and will be used to ensure some continuity of critical development services.

Recreation Services – This fund was established to account for the transactions and activities related to delivery of recreation services. Fees collected for recreation services are used for the development of programs and facilities benefiting fee payers. At the end of FY 2007/08, unreserved fund balance was \$3,503,000, up from \$3,382,000 in the prior year. Although revenues and transfers increased (\$6,974,000 in FY 2007/08, compared to \$6,670,000 in FY 2006/07, a 4.6% increase), costs and transfers out decreased by 25.7% (from \$9,220,000 in FY 2006/07 to \$6,854,000 in FY 2007/08). The decrease is related to a transfer in FY 2006/07 of fund balance to help fund construction of the Water Park. A similar transfer did not occur in the current year. Because every effort is made to ensure that recreation services offered are those the community wants, the remaining fund balance will be used to develop or maintain recreation facilities and preserve the continuity of recreation services during economic downturns.

Capital Maintenance – This fund is used to maintain the City's capital assets. Primary functions include maintenance of City streets, parks, public buildings, vehicles, medians and trees. Its resources consist of transfers from the General Fund, as well as the Integrated Waste Management and Gas Tax funds. At June 30, 2008, this fund had a total fund balance of \$1,173,000, of which \$808,000 was unreserved, but designated for future capital maintenance needs.

Non-major Governmental Funds – The City's non-major funds are presented in the basic financial statements in the aggregate. At June 30, 2008, these funds had a total fund balance of \$86,126,000, of which \$31,809,000 is reserved for encumbrances and \$3,673,000 for debt service. The remaining \$50,644,000 is unreserved. A significant portion of these funds is designated for special revenue and capital projects purposes. More information about these aggregated non-major funds can be found in the combining statements immediately following the required supplementary information.

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GENERAL FUND BUDGETARY HIGHLIGHTS

A summary of the budgetary comparison schedule for the General Fund, located in the required supplementary information following the notes to the financial statements, is as follows:

SUMMARY OF GENERAL FUND BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2008
(dollars in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Beginning fund balance, July 1, 2007	<u>\$ 43,941</u>	<u>\$ 43,941</u>	<u>\$ 42,134</u>	<u>(\$ 1,807)</u>
Resources:				
Revenues	133,967	133,984	128,952	(5,032)
Transfers in	<u>7,435</u>	<u>7,435</u>	<u>7,238</u>	<u>(197)</u>
Total Resources	<u>141,402</u>	<u>141,419</u>	<u>136,190</u>	<u>(5,229)</u>
Charges to appropriations:				
Expenditures	101,251	103,474	99,382	4,092
Transfers out	<u>48,504</u>	<u>42,608</u>	<u>42,421</u>	<u>187</u>
Total charges to appropriations	<u>149,755</u>	<u>146,082</u>	<u>141,803</u>	<u>4,279</u>
Resources over (under) charges to appropriations	<u>(8,353)</u>	<u>(4,663)</u>	<u>(5,613)</u>	<u>(950)</u>
Ending fund balance, June 30, 2008	<u><u>\$ 35,588</u></u>	<u><u>\$ 39,278</u></u>	<u><u>\$ 36,521</u></u>	<u><u>(\$ 2,757)</u></u>

Between the time the FY 2007/08 budget was adopted (in June 2007) and the books for the prior fiscal year (FY 2006/07) were closed, the fund balance at June 30, 2007 decreased by an unexpected \$1.8 million. This was largely due to the following:

- Revenues and transfers in during FY 2006/07 were \$3.3 million (2.5%) lower than budgeted. All revenue categories (property tax, sales tax, business tax, and investment earnings) were lower (\$3.5 million) than anticipated, although transfers-in were slightly higher (\$0.2 million).
- Savings in expenditures and transfers out during FY 2006/07 helped off-set the reduction in revenues received, with an additional savings of \$0.9 million (0.1%) from estimated budget levels. This was due primarily to continued expenditure savings by departments, in addition to the significant budget reductions that had already taken place in prior years.

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Overall, General Fund revenues and transfer-ins were 3.7% (\$5,229,000) lower than budgeted. However, revenues continued to grow by 4.2% over last year (\$136,189,000 in FY 2007/08, as compared to \$130,681,000 in FY 2006/07).

Property tax is the City's main revenue source in the General Fund and, fortunately, it has continued to grow, although at a slower pace than in the past. The City's base property tax revenue increased from \$42,733,000 in FY 2006/07 to \$44,681,000 in FY 2007/08, a 4.6% increase. With the addition of property tax from the vehicle license fee swap, property tax revenue actually increased 5.9%, from \$56,432,000 in FY 2006/07 to \$59,762,000 in FY 2007/08. Gross assessed valuation for secured property increased 6.7% from FY 2006/07 to FY 2007/08. However, property tax revenue growth is less than growth in assessed valuation primarily because of increased delinquencies related to the sub-prime mortgage loan melt-down. The countywide property tax delinquency rate was 3.5% in FY 2006/07, growing to 4.8% in FY 2007/08.

Sales tax is the City's second largest source of revenue, and it can be volatile in an uncertain economy. Revenue volatility, while common to cities nationwide, is exacerbated in the Bay Area, especially in Silicon Valley communities that rely heavily on high-tech, business-to-business sales, as Fremont does. The City's actual sales tax revenue for FY 2007/08 was \$35,584,000, an increase of 4.1%. The growth in sales tax is attributed to modest increases in economic activity, the high cost of gasoline throughout much of the fiscal year, and one-time retooling and capital acquisitions by major local businesses. Sales tax from business-to-business activity is holding its own. However, growth in all sales tax sectors has since slowed or even declined, and the economy has been officially declared to be in recession.

Vehicle license fee (VLF) revenues decreased by 23.0%, from \$1,220,000 in FY 2006/07 to \$939,000 in FY 2007/08. This decrease is a result of new legislation (AB 1602) that provides for an annual redistribution of VLF revenues to newly incorporated cities and annexed areas throughout the state. Since last fiscal year, vehicle sales have decreased significantly, and it is anticipated this revenue source will decline even further in the current fiscal year.

Because of the continued uncertainty in the City's economic situation, management continues to aggressively manage spending. In December 2007, all departments were instructed to reduce their spending by 1%, and management began holding vacant positions open and unfilled wherever possible. The City Council acted in January 2008 to amend the General Fund operating budget to, among other things, remove budgeted transfers out to other funds in the amount of \$6.1 million. These actions resulted in expenditures and transfers out for FY 2007/08 coming in at \$4,279,000 less than expected, which is 2.9% below final budgeted levels.

Despite lower revenues, active management of expenditures allowed the General Fund to end FY 2007/08 with an operating deficit of \$5,613,000, rather than the operating deficit of \$8,353,000 that was anticipated in the original adopted budget. Not having as large a deficit as expected in FY 2007/08 means there is more fund balance with which to start FY 2008/09, and contributes to the City's ability to deal with continuing economic uncertainty and continued uncertainty about the State budget and its implications for the future.

City of Fremont, California
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Following is a summary of the City of Fremont's capital assets at June 30, 2008 and 2007:

SUMMARY OF CAPITAL ASSETS
JUNE 30, 2008 AND 2007
(dollars in thousands)

	<u>2008</u>	<u>2007</u>	<u>Percentage Change</u>
Land	\$ 202,894	\$ 201,664	0.6%
Land improvements	5,260	5,260	0.0%
Infrastructure - non-depreciable	367,125	367,125	0.0%
Infrastructure - depreciable	321,245	317,673	1.1%
Buildings and improvements	145,596	133,389	9.2%
Equipment	18,767	17,987	4.3%
Vehicles	23,403	23,091	1.4%
Construction in progress	90,909	24,725	267.7%
Total Capital Assets	1,175,199	1,090,914	7.7%
Less: Accumulated depreciation	375,170	369,768	1.5%
Governmental activities capital assets, net	\$ 800,029	\$ 721,146	10.9%

The City's investment in capital assets for its governmental activities as of June 30, 2008, amounts to \$800,029,000 (net of accumulated depreciation), compared to \$721,146,000 in the prior year. This investment in capital assets includes land and land improvements, buildings, equipment, vehicles, streets, curbs and gutters, and construction in progress.

In FY 2007/08, the City added \$61,908,000 in new capital assets and disposed of \$511,000 in capital assets. The majority of these disposals were all related to vehicles and equipment that were almost fully depreciated. The net book value of disposed assets was \$29,000. Disposals are presented in the financial statements as a decrease in capital assets. The decrease in construction in progress reflects the completion of Fire Stations #1 and #8 and the related transfer from construction in progress to buildings and improvements.

The major additions to capital assets consisted of construction costs of \$33,777,000 (primarily for the Washington Boulevard/Paseo Padre Parkway Grade Separation and I-880/Mission Interchange projects), vehicle and equipment purchases of \$1,416,000 and construction costs related to the replacement or retrofitting of fire stations (\$8,086,000) funded by the proceeds of general obligation bonds. The balance of the increase is related to construction of a new Water Park at the site of the former Swim Lagoon in Central Park.

City of Fremont, California
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008

In addition to the current year additions, there is an adjustment for \$22,888,000 in costs incurred in prior years for the Washington Boulevard/Paseo Padre Parkway Grade Separation project that were inadvertently not capitalized.

The City has adopted the modified approach of GASB Statement No. 34 for its roads and streets, which means that these capital assets are not required to be depreciated if certain conditions (as described in Item 2 of the Required Supplementary Information following the notes to the financial statements) are met. The City's policy is to achieve an average Pavement Condition Index (PCI) rating of at least 70 for all of its roads and streets. This rating allows minor cracking and raveling of the pavement along with minor roughness that could be noticeable to drivers traveling at the posted speeds. At June 30, 2008, the City's roads and streets system was rated at an average PCI index of 67, down from the average PCI index of 68 in the prior year.

The maintenance estimate for FY 2007/08 to maintain an average PCI rating of 70 was \$12,600,000. Actual expenditures for that period were \$5,839,000. The difference between the estimate and actual expenditures is attributable to the fact that maintenance estimates are projected over a number of years and then divided by that number of years to calculate an average. In reality, the actual expenditure of money varies from year to year, depending on the nature of the work to be done and the size and number of contracts awarded for that work. However, with the continuing decline in the PCI index and the City's ongoing budget challenges, finding sufficient resources to fund street maintenance will be even more challenging for the foreseeable future. As a result, management will be evaluating various alternatives, including revising the City's policy with respect to its PCI, and the need to change from the modified approach for its roads and streets.

Additional information about the City's capital assets can be found in Note 1.F and Note 4, following the basic financial statements.

City of Fremont, California
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008

Long-term Debt

At the end of FY 2007/08, the City had \$202,425,000 in bonds and notes outstanding. Of this amount, \$41,765,000 is from tax allocation bonds issued by the Redevelopment Agency, \$126,440,000 is related to certificates of participation, and \$34,220,000 is from general obligation bonds. Following is a summary schedule of outstanding debt:

SUMMARY OF LONG-TERM DEBT
JUNE 30, 2008
(dollars in thousands)

	<u>Balance</u> <u>July 1, 2007</u>	<u>Incurred</u> <u>or Issued</u>	<u>Satisfied or</u> <u>Matured</u>	<u>Balance</u> <u>June 30, 2008</u>
Redevelopment Agency Tax Allocation Bonds:				
Series 2003	\$ 13,950	\$ -	\$2,125	\$ 11,825
Series 2004	33,695	-	3,755	29,940
General Obligation Bonds:				
Fire Safety Bonds 2003	9,430	-	210	9,220
Fire Safety Bonds 2004	25,000	-	-	25,000
Certificates of Participation (COPs):				
1990 Public Financing Authority	4,225	-	375	3,850
1991 Public Financing Authority	3,700	-	100	3,600
1998 Public Financing Authority	10,830	-	270	10,560
1998 Public Financing Authority	16,515	-	580	15,935
2001 Public Financing Authority	32,110	-	765	31,345
2001B Public Financing Authority	8,745	-	365	8,380
2002 Public Financing Authority	34,265	-	900	33,365
2003 Public Financing Authority	20,260	-	855	19,405
Total	<u><u>\$212,725</u></u>	<u><u>\$ -</u></u>	<u><u>\$10,300</u></u>	<u><u>\$202,425</u></u>

Of the outstanding debt, 45% is fixed rate debt (compared to 46% in the prior year), with an average interest rate of approximately 4.13% (compared to 4.06% in the prior year). The remaining 55% of the outstanding debt is variable rate debt, with an average interest rate of 2.96% as of June 30, 2008 (compared to 4.09% in the prior year). The average interest rate on all outstanding City debt is 3.49% at June 30, 2008 (compared to 4.08% for the prior year).

The City Council adopted a debt policy in February 1996 that limits debt obligations of the General Fund to 7% of budgeted expenditures and transfers out. As of July 1, 2008, debt obligations were approximately 6.4% of budgeted expenditures and transfers out, which is within the policy limit.

City of Fremont, California
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008

As of June 30, 2008, the three largest outstanding debt obligations were as follows:

- \$29,940,000 in Redevelopment Agency tax allocation bonds. These bonds were issued in FY 2003/04, and the proceeds refunded the tax allocation bonds issued in 2000. The primary purpose of the 2000 tax allocation bonds was to refinance the freeway interchanges on Interstate 880 at Dixon Landing Road and Mission Boulevard/Warren Avenue, and a grade separation at Washington Boulevard. The purpose of the Washington Boulevard grade separation is to improve safety, relieve traffic congestion, and accommodate a Bay Area Rapid Transit (BART) extension to Warm Springs and eventually to San Jose.
- \$33,365,000 in capital certificates of participation (COPs) issued in 2002 to finance construction of the new Maintenance Center, to refinance the 1997 COPs issued to acquire the land for the new Maintenance Center, pay for seismic retrofit costs at the Development Services Center, and to fund certain development costs of the proposed Northgate Senior and Community Center (which has been temporarily deferred due to the City's budget challenges and related reductions in operating expenditures).
- \$31,345,000 in capital COPs issued in 2001 to finance the following:
 - A police detention and property evidence storage facility
 - HVAC improvements to the existing police building
 - Retiring notes used to purchase land for a potential city hall site
 - Acquisition of and improvements to new city offices at 3300 Capitol Avenue
 - Acquisition of a site to be used for future construction of the City's Fire Station 11 in the southern Industrial Area. Construction will be funded with a separate COP issue.

In November 2002, Fremont voters approved Measure R by 74.4%, thereby authorizing the City to issue \$51 million in general obligation bonds, to be repaid by a property tax levy. Proceeds from these bonds will be used to replace three fire stations, build public safety training facilities, and make remodeling and seismic improvements to seven existing fire stations. The first issue of these bonds, in the amount of \$10 million, was sold in July 2003. The second issue of these bonds, in the amount of \$25 million, was sold in April 2005.

Additional information about the City's long-term debt can be found in Note 5, following the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Like many cities in California, Fremont continues to face an uncertain economic future. The financial turbulence in the global markets, the nationwide sub-prime mortgage crisis and related housing downturn, and the State's significant budget problems all affect Fremont's local economic environment.

City finances and the community services that depend on those resources have been severely strained because of years of State takeaways of traditionally local revenues, coupled with a serious recession in

City of Fremont, California
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008

the early years of this decade. Now another serious economic recession is affecting the entire nation. The City met previous difficult times by reducing spending throughout the organization and by focusing on attracting and retaining retail businesses to increase revenue. Management has been vigilant and disciplined over the past several years to not increase the workforce (other than critical public safety needs) and to keep expenditures in check. Because of those fiscally responsible actions, the City can now face yet another economic downturn and the prospect of still more State takeaways with options, rather than being forced merely to react.

Total budgeted resources (including use of a portion of fund balance) in the coming year will be adequate to support total budgeted expenditures of \$147 million. The FY 2008/09 budget maintains the City Council's long-standing priorities by allocating almost two-thirds of the budget to direct costs for public safety and maintenance. When overhead costs required to support these functions are allocated, the resources budgeted for these purposes are actually 89% of the General Fund.

Locally, the City faces two major challenges. First, the uncertain economic climate continues to have an impact on consumer-related revenues, especially auto sales. Second, it appears that property tax revenues will suffer because of the rippling effects of the subprime mortgage debacle and the tightening of real estate lending standards. Accordingly, management remains extremely cautious and concerned about future revenue growth and its ability to keep pace with the costs of much-needed basic services.

In addition, the State's continued budget problems are a real threat. Seventy-two percent of the City's general revenue and 75% of its General Fund revenue are comprised of property and sales taxes and vehicle license fees controlled by the State Legislature. Fremont's financial future is directly linked to the fiscal health of the State government. Although a constitutional amendment (Proposition 1A) was passed by State voters in November 2004 that limits the amounts of reductions of local government revenues in FY 2006/07 and future years and characterizes those reductions as "loans" rather than "take-aways," management continues to be concerned because the State budget continues to have a significant structural imbalance, and the State can once again look to local governments for "loans" in the future.

Fremont is fortunate to have a diverse business community linked to Silicon Valley and a relatively stable real estate market as compared to neighboring communities. However, Fremont is not immune to all of the financial turmoil affecting governments at all levels throughout the country. The FY 2008/09 budget assumptions acknowledge the uncertainty in the economy and the State budget, and the budget includes contingency reserves to help the City deal with the risk. In response to the continuing uncertainty the City faces, the City will attempt to preserve basic services and sustain maintenance of infrastructure and public facilities. However, further actions will likely be needed to bring the City's budget back into balance in response to the effects of this recession.

The prudent budgeting and reserve policies developed since the last two recessions in the early part of the 1990s and the 2000s have enabled the City to manage through recent economic downturns. However, pressure is being placed on our reserves by the growing economic problems facing the entire country. Aggressive cost management, continued retail development, and fee increases along with the prudent use of fund balance and reserves can mitigate the impact of reduced revenues and cushion the

City of Fremont, California
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008

effects on departmental budgets and services, but additional actions may be needed to balance the budget, and those possibilities are being evaluated by management.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Fremont's finances for all those with an interest in the City's financial activities. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City's Finance Director, Harriet Commons, at 3300 Capital Avenue, P. O. Box 5006, Fremont, California 94537-5006.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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City of Fremont

Statement of Net Assets

June 30, 2008

(With comparative totals for June 30, 2007)

	Governmental Activities	
	2008	2007
ASSETS		
Current assets:		
Cash and investments held by City	\$ 335,231,004	\$ 312,497,089
Restricted cash and investments held by fiscal agent	6,485,089	4,019,058
Receivables:		
Property tax	901,891	2,611,998
Sales tax	4,825,115	5,049,986
Due from other governmental agencies	15,648,045	7,420,613
Accrued interest	10,483,342	9,737,311
Other	3,783,389	3,103,291
Total receivables	35,641,782	27,923,199
Total current assets	377,357,875	344,439,346
Noncurrent assets:		
Housing rehabilitation loans receivable, net	1,180,457	1,004,152
Other receivables	580,699	580,699
Condemnation deposits	908,853	1,477,594
Deferred charges	1,253,798	1,385,283
Land for sale	2,821,430	2,821,430
Capital assets:		
Nondepreciable assets	666,188,735	598,774,236
Depreciable assets, net	133,839,993	122,371,560
Total capital assets, net	800,028,728	721,145,796
Total noncurrent assets	806,773,965	728,414,954
Total assets	1,184,131,840	1,072,854,300
LIABILITIES		
Current liabilities:		
Accounts payable	12,903,906	7,104,394
Tax and revenue anticipation notes payable	19,720,000	-
Salaries and wages payable	5,585,206	5,350,431
Compensated absences	2,183,373	2,074,703
Claims payable	3,920,000	3,629,000
Due to other governmental agencies	9,847,880	8,333,416
Interest payable	3,377,732	1,780,424
Loans payable	1,500,000	1,500,000
Long-term debt - due within one year	10,786,389	10,331,389
Total current liabilities	69,824,486	40,103,757
Noncurrent liabilities:		
Unearned revenue	4,378,575	4,571,040
Compensated absences	6,550,117	6,224,109
Claims payable	6,438,000	5,742,000
Net other post employment benefits liability	1,773,165	-
Long-term debt - due in more than one year	192,226,098	203,012,487
Total noncurrent liabilities	211,365,955	219,549,636
Total liabilities	281,190,441	259,653,393
NET ASSETS		
Invested in capital assets, net of related debt	597,016,241	507,801,920
Restricted for:		
Capital projects and capital asset maintenance	211,637,324	167,414,552
Debt service	8,291,654	43,639,784
Community development	31,199,064	28,058,706
Specific projects and programs	11,329,690	14,620,245
Total restricted	262,457,732	253,733,287
Unrestricted	43,467,426	51,665,700
Total net assets	\$ 902,941,399	\$ 813,200,907

See accompanying Notes to Basic Financial Statements.

City of Fremont
Statement of Activities and Changes in Net Assets
For the year ended June 30, 2008
(With comparative totals for the year ended June 30, 2007)

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 13,070,910	\$ 1,489,409	\$ -	\$ -	\$ 1,489,409
Police services	54,340,131	4,863,088	1,589,225	-	6,452,313
Fire services	31,949,301	2,707,187	715,016	-	3,422,203
Human services	8,570,232	1,775,799	2,911,809	-	4,687,608
Capital assets maintenance and operations	45,347,610	1,731,401	17,672,503	31,205,534	50,609,438
Recreation and leisure services	6,248,438	4,028,541	-	-	4,028,541
Community development and environmental services	39,566,083	16,404,617	2,492,221	-	18,896,838
Interest on debt	9,884,311	-	-	-	-
Total	\$ 208,977,016	\$ 33,000,042	\$ 25,380,774	\$ 31,205,534	\$ 89,586,350

General revenues:

Property tax
Sales tax
Business tax
Transient occupancy tax
Property transfer tax
Total taxes
Vehicle license fees
Development impact fees
Franchise fees
Investment earnings
Miscellaneous

Total general revenues

Change in net assets

Net assets - beginning of year, as restated

Net assets - end of year

See accompanying Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Assets	
Governmental Activities	
2008	2007
\$ (11,581,501)	\$ (12,643,003)
(47,887,818)	(43,886,728)
(28,527,098)	(25,691,825)
(3,882,624)	(2,947,120)
5,261,828	(28,693,140)
(2,219,897)	(1,902,039)
(20,669,245)	(14,809,906)
(9,884,311)	(9,046,177)
(119,390,666)	(139,619,938)
98,144,859	90,038,824
35,583,842	34,190,785
7,508,481	6,738,310
3,181,302	2,885,388
1,092,279	1,504,708
145,510,763	135,358,015
938,566	1,220,418
11,012,026	10,845,865
7,953,642	7,902,406
17,425,422	13,758,948
3,402,237	5,838,497
186,242,656	174,924,149
66,851,990	35,304,211
836,089,409	777,896,696
\$ 902,941,399	\$ 813,200,907

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GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

City of Fremont
Balance Sheet
Governmental Funds
June 30, 2008

(With comparative totals for June 30, 2007)

	Major Funds				
	General Fund	Redevelopment Agency Operations	Low and Moderate Income Housing	Redevelopment Agency Debt Service	Redevelopment Agency Capital Projects
ASSETS					
Cash and investments held by City	\$ 41,608,797	\$ 10,043,418	\$ 23,376,940	\$ 4,518,433	\$ 88,457,113
Restricted cash and investments held by fiscal agent	-	-	81,037	3,477,534	-
Receivables:					
Property tax	901,891	-	-	-	-
Sales tax	4,825,115	-	-	-	-
Due from other governmental agencies	371,906	-	-	-	-
Housing loans receivable, net	-	-	-	-	-
Accrued interest	2,718,718	-	6,721,955	-	-
Other	2,305,563	-	-	-	21,796
Due from other funds	9,921,431	-	-	-	-
Total assets	\$ 62,653,421	\$ 10,043,418	\$ 30,179,932	\$ 7,995,967	\$ 88,478,909
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,059,446	\$ 145,915	310,589	\$ -	\$ 1,968,883
Tax and revenue anticipation notes payable	19,720,000	-	-	-	-
Salaries and wages payable	4,229,981	26,321	10,814	-	-
Due to other funds	-	-	-	-	-
Due to other governmental agencies	-	9,847,880	-	-	-
Loans payable and other liabilities	-	-	1,500,000	-	-
Deferred revenue	1,122,887	-	6,721,955	-	-
Total liabilities	26,132,314	10,020,116	8,543,358	-	1,968,883
Fund Balances:					
Reserved for:					
Encumbrances	202,890	166,376	61,868	-	23,938,910
Debt service	-	-	-	7,995,967	-
Unreserved, designated, reported in:					
General fund	35,524,862	-	-	-	-
Special revenue funds	-	-	21,574,706	-	-
Capital projects funds	-	-	-	-	62,571,116
Unreserved, undesignated, reported in:					
General fund	793,355	-	-	-	-
Special revenue funds	-	(143,074)	-	-	-
Capital projects funds	-	-	-	-	-
Total fund balances	36,521,107	23,302	21,636,574	7,995,967	86,510,026
Total liabilities and fund balances	\$ 62,653,421	\$ 10,043,418	\$ 30,179,932	\$ 7,995,967	\$ 88,478,909

See accompanying Notes to Basic Financial Statements.

Major Funds					Total Governmental Funds	
Development Impact Fees	Development Cost Center	Recreation Services	Capital Maintenance	Non-major Funds	2008	2007
\$ 59,729,431	\$ 5,876,692	\$ 4,554,502	\$ 2,555,780	\$ 83,385,157	\$ 324,106,263	\$ 303,505,137
-	-	8,402	-	2,918,116	6,485,089	4,019,058
-	-	-	-	-	901,891	2,611,998
-	-	-	-	-	4,825,115	5,049,986
-	-	-	-	15,276,139	15,648,045	7,420,613
-	-	-	-	1,180,457	1,180,457	1,004,152
-	-	-	-	1,042,669	10,483,342	9,737,311
-	443,484	3,887	66,593	1,356,770	4,198,093	3,520,594
-	-	-	-	-	9,921,431	3,749,372
<u>\$ 59,729,431</u>	<u>\$ 6,320,176</u>	<u>\$ 4,566,791</u>	<u>\$ 2,622,373</u>	<u>\$ 105,159,308</u>	<u>\$ 377,749,726</u>	<u>\$ 340,618,221</u>
\$ 1,384,688	\$ 137,186	\$ 79,789	\$ 1,027,170	\$ 6,528,560	\$ 12,642,226	\$ 6,918,295
-	-	-	-	-	19,720,000	-
-	519,618	166,767	422,457	89,588	5,465,546	5,253,285
-	-	-	-	9,921,431	9,921,431	3,749,372
-	-	-	-	-	9,847,880	8,333,416
-	-	-	-	-	1,500,000	1,500,000
-	2,690,322	817,453	-	2,494,183	13,846,800	12,058,298
<u>1,384,688</u>	<u>3,347,126</u>	<u>1,064,009</u>	<u>1,449,627</u>	<u>19,033,762</u>	<u>72,943,883</u>	<u>37,812,666</u>
3,053,088	74,919	-	364,927	31,809,175	59,672,153	81,757,899
-	-	-	-	3,673,419	11,669,386	45,420,208
-	-	-	-	-	35,524,862	41,683,524
-	2,898,131	3,502,782	-	27,806,150	55,781,769	52,682,836
55,291,655	-	-	807,819	34,966,579	153,637,169	119,785,296
-	-	-	-	-	793,355	-
-	-	-	-	(385,587)	(528,661)	(709,919)
-	-	-	-	(11,744,190)	(11,744,190)	(37,814,289)
<u>58,344,743</u>	<u>2,973,050</u>	<u>3,502,782</u>	<u>1,172,746</u>	<u>86,125,546</u>	<u>304,805,843</u>	<u>302,805,555</u>
<u>\$ 59,729,431</u>	<u>\$ 6,320,176</u>	<u>\$ 4,566,791</u>	<u>\$ 2,622,373</u>	<u>\$ 105,159,308</u>	<u>\$ 377,749,726</u>	<u>\$ 340,618,221</u>

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City of Fremont

Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets

June 30, 2008

(With comparative totals for June 30, 2007)

	2008	2007
Total Fund Balances - Total Governmental Funds	\$ 304,805,843	\$ 302,805,555
Amounts reported for Governmental Activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.	797,175,240	718,112,729
Interest payable on Tax Revenue Anticipation Notes (TRAN) and long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the Governmental Funds Balance Sheet.	(3,377,732)	(1,780,424)
Deferred charges on bonds not recorded in the governmental funds, which were previously recorded as expenditures and amortized over the terms of the bonds.	1,253,798	1,385,283
Condemnation deposits reported as noncurrent assets, while reported as capital outlay in Governmental Funds Statements of Revenues, Expenditures, and Changes in Fund Balances.	908,853	1,477,594
Internal service funds are used to charge the costs of insurance and information technology to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Government-Wide Statement of Net Assets.	4,453,149	5,355,600
Other receivable is reported as deferred revenue in the Governmental Funds, but should be reflected as income in the Government-Wide Statement of Net Assets	580,699	-
Interest receivable is reported as deferred revenue in the Governmental Funds, but should be reflected as income in the Government-Wide Statement of Net Assets	8,887,526	7,487,258
Accruals for compensated absences are long term liabilities and are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet.	(8,733,490)	(8,298,812)
Long-term debts are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet.	(203,012,487)	(213,343,876)
Net Assets of Governmental Activities	\$ 902,941,399	\$ 813,200,907

See accompanying Notes to Basic Financial Statements.

City of Fremont

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the year ended June 30, 2008

(With comparative totals for the year ended June 30, 2007)

	Major Funds				
	General Fund	Redevelopment Agency Operations	Low and Moderate Income Housing	Redevelopment Agency Debt Service	Redevelopment Agency Capital Projects
REVENUES:					
Property tax	\$ 59,761,853	\$ -	\$ 7,393,278	\$ 29,573,112	\$ -
Sales tax	35,583,842	-	-	-	-
Vehicle license fees	938,566	-	-	-	-
Intergovernmental	330,656	-	-	-	-
Business tax	7,508,481	-	-	-	-
Other taxes	4,273,581	-	-	-	-
Impact fees	-	-	-	-	-
Franchise fees	7,953,642	-	-	-	-
Charges for services	9,269,315	-	-	-	-
Investment earnings	3,101,542	328,208	1,284,832	2,381,101	2,198,995
Other	230,200	160,591	1,052,006	-	-
Total revenues	128,951,678	488,799	9,730,116	31,954,213	2,198,995
EXPENDITURES:					
Current:					
General government	12,628,762	-	-	-	-
Police services	51,898,838	-	-	-	-
Fire services	29,845,855	-	-	-	-
Human services	3,573,227	-	-	-	-
Capital assets maintenance and operations	-	-	-	-	-
Recreation and leisure services	-	-	-	-	-
Community development and environmental services	714,477	2,036,111	1,708,293	-	7,299,880
Intergovernmental	-	10,170,059	-	-	-
Capital outlay	278,102	-	-	-	5,712,360
Debt service:					
Principal	-	-	-	5,880,000	-
Interest and fiscal charges	442,218	-	47,000	1,618,856	-
Total expenditures	99,381,479	12,206,170	1,755,293	7,498,856	13,012,240
REVENUES OVER (UNDER) EXPENDITURES	29,570,199	(11,717,371)	7,974,823	24,455,357	(10,813,245)
OTHER FINANCING SOURCES (USES):					
Transfers in	7,238,200	10,422,697	-	5,141,498	52,181,739
Transfers out	(42,420,986)	(169,112)	(5,233,154)	(62,581,739)	-
Total other financing sources (uses)	(35,182,786)	10,253,585	(5,233,154)	(57,440,241)	52,181,739
Net change in fund balances	(5,612,587)	(1,463,786)	2,741,669	(32,984,884)	41,368,494
FUND BALANCES:					
Beginning of year	42,133,694	1,487,088	18,894,905	40,980,851	45,141,532
End of year	\$ 36,521,107	\$ 23,302	\$ 21,636,574	\$ 7,995,967	\$ 86,510,026

Major Funds					Total Governmental Funds	
Development Impact Fees	Development Cost Center	Recreation Services	Capital Maintenance	Non-major Funds	2008	2007
\$ -	\$ -	\$ -	\$ -	\$ 1,416,616	\$ 98,144,859	\$ 90,038,824
-	-	-	-	-	35,583,842	34,190,785
-	-	-	-	-	938,566	1,220,418
-	-	-	-	52,032,992	52,363,648	28,035,029
-	-	-	-	-	7,508,481	6,738,310
-	-	-	-	-	4,273,581	4,390,096
11,012,026	-	-	-	-	11,012,026	10,845,865
-	-	-	-	-	7,953,642	7,902,406
-	10,975,686	4,028,541	237,137	7,089,095	31,599,774	31,755,677
3,099,048	375,460	233,246	-	3,952,759	16,955,191	13,405,022
-	-	49,647	-	2,488,395	3,980,839	5,769,464
14,111,074	11,351,146	4,311,434	237,137	66,979,857	270,314,449	234,291,896
-	-	-	-	-	12,628,762	12,094,439
-	-	-	-	938,901	52,837,739	50,065,794
-	-	-	-	518,807	30,364,662	27,630,794
-	-	-	-	4,992,420	8,565,647	6,995,637
3,964,470	-	-	22,669,325	15,708,057	42,341,852	48,265,999
-	-	6,188,443	-	-	6,188,443	5,588,467
-	11,287,966	-	-	6,270,086	29,316,813	26,563,329
-	-	-	-	-	10,170,059	8,550,372
5,191,737	28,111	-	26,344	46,722,670	57,959,324	13,142,337
-	-	-	-	4,420,000	10,300,000	9,975,000
-	-	-	-	6,078,833	8,186,907	8,810,719
9,156,207	11,316,077	6,188,443	22,695,669	85,649,774	268,860,208	217,682,887
4,954,867	35,069	(1,877,009)	(22,458,532)	(18,669,917)	1,454,241	16,609,009
-	2,589,822	2,662,481	24,792,115	19,347,158	124,375,710	74,488,066
(1,831,800)	(2,148,292)	(665,121)	(3,226,434)	(5,553,025)	(123,829,663)	(74,951,757)
(1,831,800)	441,530	1,997,360	21,565,681	13,794,133	546,047	(463,691)
3,123,067	476,599	120,351	(892,851)	(4,875,784)	2,000,288	16,145,318
55,221,676	2,496,451	3,382,431	2,065,597	91,001,330	302,805,555	286,660,237
\$ 58,344,743	\$ 2,973,050	\$ 3,502,782	\$ 1,172,746	\$ 86,125,546	\$ 304,805,843	\$ 302,805,555

City of Fremont

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets For the year ended June 30, 2008

(With comparative totals for the year ended June 30, 2007)

	2008	2007
Net Change in Fund Balances - Total Governmental Funds	\$ 2,000,288	\$ 16,145,318
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets additions recorded in the current period.	58,031,705	12,344,659
Condemnation deposit increase due to payment to State Escrow account. This payment is included in Capital Outlay in the Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balance.	-	797,678
Condemnation deposit decrease due to land and legal expenses paid during the year.	(568,741)	-
Contributions of infrastructure assets from developers not reported as revenue in governmental funds.	3,572,116	231,404
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but it does not require the use of current financial resources. Therefore, depreciation is not reported as an expenditure in governmental funds.	(5,400,633)	(6,740,716)
Losses on the disposal of capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but do not require the use of current financial resources. Therefore, it is not reported as an expenditure in governmental funds.	(29,179)	(164,963)
Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Government-Wide Statement of Net Assets.	10,300,000	9,975,000
The net change in interest payable on long-term debt is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but it does not require the use of current financial resources.	(1,597,308)	(135,362)
Unamortized long term discount/premium is accrued in Government-Wide Statement of Activities and Changes in Net Assets, but it does not require the use of current financial resources. Therefore, unamortized long term discount/premium is not reported as an expenditure in governmental funds.	31,389	31,389
Prepaid bond issuance costs are amortized in Government-Wide Statement of Activities and Changes in Net Assets, but are reported as expenditures in governmental funds.	(131,485)	(131,485)
Internal service funds are used to charge the costs of insurance and information technology, to individual funds. The net revenue of the internal service funds is reported with governmental activities.	(902,451)	1,548,101
Increase/decrease in other receivable is reported in the Government-Wide Statement of Activities and Changes in Net Assets under full accrual basis of accounting but is recorded as deferred revenue under modified accrual for the Governmental Funds.	580,699	-
Increase/decrease in interest receivable is reported in the Government-Wide Statement of Activities and Changes in Net Assets under full accrual basis of accounting but is recorded as deferred revenue under modified accrual for the Governmental Funds.	1,400,268	2,269,333
Changes in long term compensated absences in governmental activities are not reported in governmental funds	(434,678)	(866,145)
Change in Net Assets of Governmental Activities	\$ 66,851,990	\$ 35,304,211

PROPRIETARY FUND FINANCIAL STATEMENTS

City of Fremont
Statement of Net Assets
Proprietary Fund
June 30, 2008

(With comparative totals for June 30, 2007)

	Internal Service	
	2008	2007
ASSETS		
Current assets:		
Cash and investments held by City	\$ 11,124,741	\$ 8,991,952
Other receivables	165,995	163,396
Total current assets	11,290,736	9,155,348
Noncurrent assets:		
Depreciable assets	8,392,376	8,155,820
Less accumulated depreciation	(5,538,888)	(5,122,753)
Land held for resale	2,821,430	2,821,430
Total noncurrent assets	5,674,918	5,854,497
Total assets	16,965,654	15,009,845
LIABILITIES		
Current liabilities:		
Accounts payable	261,680	186,099
Salaries and wages payable	119,660	97,146
Claims payable	3,920,000	3,629,000
Total current liabilities	4,301,340	3,912,245
Noncurrent liabilities:		
Claims payable	6,438,000	5,742,000
Net other post employment benefits liability	1,773,165	-
Total noncurrent liabilities	8,211,165	5,742,000
Total liabilities	12,512,505	9,654,245
NET ASSETS		
Invested in capital assets	2,853,488	3,033,067
Unrestricted	1,599,661	2,322,533
Total net assets	\$ 4,453,149	\$ 5,355,600

See accompanying Notes to Basic Financial Statements.

City of Fremont
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Fund
For the year ended June 30, 2008
(With comparative totals for the year ended June 30, 2007)

	Internal Service	
	2008	2007
OPERATING REVENUES:		
Charges for services	\$ 13,787,614	\$ 11,723,892
Other	71,942	69,033
Total operating revenues	13,859,556	11,792,925
OPERATING EXPENSES:		
Salaries and wages	3,145,241	2,827,426
Insurance premiums	1,183,294	1,046,388
Provision for claim losses	4,907,375	4,911,365
Claims administration	253,710	296,222
Materials and supplies	1,367,309	1,295,507
Depreciation	483,982	628,977
Other postemployment benefits	3,387,000	-
Other	75,040	56,556
Total operating expenses	14,802,951	11,062,441
OPERATING INCOME (LOSS)	(943,395)	730,484
NONOPERATING REVENUES (EXPENSES):		
Investment income	470,231	353,926
Total nonoperating revenues (expenses)	470,231	353,926
Contributed capital assets	116,760	-
Transfers in	20,373	1,019,327
Transfers out	(566,420)	(555,636)
INCREASE (DECREASE) IN NET ASSETS	(902,451)	1,548,101
NET ASSETS:		
Beginning of year	5,355,600	3,807,499
End of year	\$ 4,453,149	\$ 5,355,600

See accompanying Notes to Basic Financial Statements.

City of Fremont

Statement of Cash Flows

Proprietary Fund

For the year ended June 30, 2008

(With comparative totals for the year ended June 30, 2007)

	Internal Service	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from users	\$ 13,785,015	\$ 11,761,587
Other revenue	71,942	69,033
Less: Payments to suppliers	(3,040,867)	(2,642,117)
Payments for employees services	(3,122,727)	(2,805,025)
Payments for claims paid	(3,608,240)	(4,814,365)
Payments for other post employment benefits	(1,613,835)	-
Payments to others	(75,040)	(56,556)
Net cash provided (used) by operating activities	2,396,248	1,512,557
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on cash and investments	470,231	353,926
Net cash provided by investing activities	470,231	353,926
CASH FLOWS FROM CAPITAL ACTIVITIES:		
Acquisition of capital assets	(187,643)	(145,033)
Net cash provided (used) by capital activities	(187,643)	(145,033)
CASH FLOWS FROM NONCAPITAL ACTIVITIES:		
Transfers in	20,373	1,019,327
Transfers out	(566,420)	(555,636)
Net cash provided (used) by noncapital activities	(546,047)	463,691
Net increase (decrease) in cash and cash investments	2,132,789	2,185,141
CASH AND INVESTMENTS:		
Beginning of year	8,991,952	6,806,811
End of year	<u>\$ 11,124,741</u>	<u>\$ 8,991,952</u>
RECONCILIATION OF OPERATING INCOME TO NET		
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (943,395)	\$ 730,484
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation	483,982	628,977
Changes in assets and liabilities:		
Other receivables	(2,599)	37,695
Accounts payable	75,581	(4,000)
Salaries and wages payable	22,514	22,401
Claims payable	987,000	97,000
Other post employment benefits payable	1,773,165	-
Net cash provided (used) by operating activities	\$ 2,396,248	\$ 1,512,557

See accompanying Notes to Basic Financial Statements.

FIDUCIARY FUND FINANCIAL STATEMENTS

City of Fremont
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008
(With comparative totals for June 30, 2007)

	Total	
	2008	2007
<u>All Agency Funds</u>		
Assets:		
Cash and investments held by City	\$ 17,110,278	\$ 16,489,772
Restricted cash and investments held by City	2,080,370	2,050,031
Restricted cash and investments held by fiscal agent	11,724,259	18,737,237
Interest receivable	-	36,264
Accounts receivable	1,582,830	128,588
Other receivables	111,429	74,022
Total assets	\$ 32,609,166	\$ 37,515,914
Liabilities:		
Accounts payable	\$ 218,228	\$ 132,107
Deposits	32,390,938	37,383,807
Total liabilities	\$ 32,609,166	\$ 37,515,914

City of Fremont
Index to Notes to Basic Financial Statements
For the year ended June 30, 2008

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City of Fremont
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For the year ended June 30, 2008

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City of Fremont
Notes to Basic Financial Statements
For the year ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Fremont, California (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental entities. The Governmental Accounting Standards Boards (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

Governmental Activities

The City reports the following governmental activities:

General Government - These services are those that are associated with the general administration of the government. These services are primarily provided by the following offices/departments: City Council, City Manager, City Attorney, City Clerk, Finance, and Human Resources. These offices provide services that support external as well other internal government functions of the City.

Police Services - The Police Department is responsible for the safeguarding of citizens' lives and property, the preservation of constitutional rights, and neighborhood problem solving. These services also include the animal shelter and jail bookings.

Fire Services - The Fire Department is responsible for providing fire and life safety emergency services, including emergency response, paramedic services, public education, emergency-preparedness training and hazardous materials management services.

Human Services - The Human Services Department offers a range of services to the community, including a senior center, paratransit services, counseling, and support for seniors, families and youth.

Capital Asset Maintenance and Operations - These services include maintenance of the City's capital assets and infrastructure, such as public buildings, parks, streets and vehicles.

Recreation and Leisure Services - Services provided by the Parks and Recreation Department include both performing and visual arts, youth and adult sports, youth and early childhood enrichment programs, park visitor services, and management of the community centers, special facilities, and historic sites.

Community Development and Environmental Services - These services are provided by the Community Development Department and the Environmental Services Division of the Transportation and Operations Department and include community planning, engineering, code enforcement, building permit and inspection services, and environmental services that enhance and preserve a high quality living environment within the City.

Intergovernmental - In accordance with pass-through fiscal agreements with various taxing authorities, the Redevelopment Agency must claim 100% of its property tax increment for the redevelopment project areas and pass through contractually or statutorily determined amounts to other taxing authorities.

City of Fremont
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

A. Financial Reporting Entity

The City was incorporated in January 1956. The City has a council-manager form of government and provides a wide range of municipal services. These basic financial statements present the City and its component units.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the primary government's exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The following is a brief overview of the component units included in the accompanying basic financial statements of the City. Financial information for these component units can be obtained from the City's Finance Department.

Redevelopment Agency of the City of Fremont (Agency) - A separate governmental entity established for the purpose of redeveloping certain areas of the City through development of industrial parks, commercial areas, and new residential housing. Funds for redevelopment projects are provided from various sources, including incremental property tax revenues, tax allocation bonds and advances from the City. Separate financial statements for the Agency are available from the City's Finance Department.

Fremont Public Financing Authority (Financing Authority) - A joint powers authority formed by the City and the Agency, organized for the purpose of financing certain capital projects for the City or the Agency. Separate financial statements are not issued for the Financing Authority.

Fremont Social Services JPA (Social Services JPA) - A joint powers authority formed by the City and the Agency, organized for the purpose of facilitating the activities of the Family Resource Center. In 1998, the Social Services JPA entered into a 40-year lease with the City for the two buildings that house the Family Resource Center. The Social Services JPA has committed to subleasing this space to CDBG-eligible tenants at below-market rents over the 40-year lease term. Rents collected from CDBG-eligible tenants are used to make payments on the debt service obligations incurred in connection with the purchase of the buildings. Separate financial statements are not issued for the Social Services JPA.

The City Council serves in separate session as the governing body of the Agency, the Financing Authority, and the Social Services JPA. As a result, the financial activities of these entities are integrally related to those of the City and are "blended" with those of the City.

Other governmental agencies that provide services within the City include the following:

- Fremont-Newark Community College District
- Fremont Unified School District
- Alameda County Flood Control & Water Conservation District
- Union Sanitary District
- Alameda County Water District
- East Bay Regional Park District
- Washington Township Hospital District and related organizations

City of Fremont
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

A. Financial Reporting Entity, Continued

- Alameda-Contra Costa Transit District
- Bay Area Rapid Transit District
- State of California
- County of Alameda

Financial information for the organizations listed on the prior page is not included in the accompanying basic financial statements because they have independently elected governing boards, their operations are separate from those of the City, and they are not financially dependent on the City.

B. Basis of Accounting and Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government – Wide Financial Statements

The City's government-wide financial statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of governmental activities for the City. Fiduciary activities of the City are not included in these statements.

These statements are presented on an economic resources measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned and expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the City are reported in three categories: (1) charges for services, (2) operating grants and contributions, and (3) capital grants and contributions.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal service fund balances in the Statement of Net Assets have been eliminated.

The City applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect), as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARB) of the Committee on Accounting Procedure.

City of Fremont
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and aggregated non-major funds. An accompanying schedule is presented to reconcile and explain the differences in net assets as presented in these statements to the net assets presented in the government-wide financial statements. The City has presented all major funds that meet the criteria prescribed in GASB Statement No. 34.

All governmental funds are accounted for on a spending or current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

The City reports the following major governmental funds:

General Fund - This fund is the City's primary operating fund. It accounts for all financial resources and outlays of the general government. The fund receives the City's discretionary funding sources (e.g., property tax, sales tax, charges for services, etc.) and uses its resources for the general operations of the City (e.g., police, fire, general government) not accounted for in other funds.

Redevelopment Agency (Operating Fund) - This is the Redevelopment Agency's operating fund and is funded with transfers from the Debt Service Fund. This fund records the administrative expenditures required to support the Agency's capital projects and includes pass-through payments to other taxing entities and tax increment revenue shifted to the State's Educational Revenue Augmentation Fund.

Low and Moderate Income Housing - This fund receives 20% of the Redevelopment Agency's tax increment revenue as set aside for affordable housing developments.

Redevelopment Agency (Debt Service Fund) - This fund receives 80% of tax increment revenue to support the Agency's non-housing redevelopment projects. Revenues are transferred from this fund to the Agency's Operating Fund to support operations and are used to pay annual principal and interest charges on the Agency's tax allocation bonds.

Redevelopment Agency (Capital Projects Fund) - This fund includes the remaining proceeds of the tax allocation bonds and tax increment revenues that are designated for the Agency's non-housing projects. Expenditures are shown in the community development and capital outlay categories.

Development Impact Fees - This fund accounts for impact fees levied under California Government Code Sections 66000 et seq., "Fees for Development Projects" (commonly referred to as AB1600) and Section 66477 (commonly referred to as the Quimby Act). The City assesses fees for fire, capital facilities, traffic, park dedication in lieu, and park facilities. These fees are used to defray all or a portion of the cost of additional public facilities needed to provide service to new development.

City of Fremont
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Development Cost Center – This fund accounts for services related to planning, engineering and inspection of public and private development construction projects.

Recreation Services – This fund accounts for all recreation programs and services, including Central Park and activities of the community centers. Fees are generated from the various classes and programs offered to the public. All costs of these programs are funded from these fees and from resources provided by the general fund.

Capital Maintenance – This fund accounts for maintenance activities related to the City's capital assets, including parks, streets, buildings, fleet, and urban forestry. This fund is primarily supported by the general fund, and also receives contributions from State Gas Tax and Integrated Waste Management revenues.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally received within 90 days after year-end) are recognized when due. The primary revenue sources that have been treated as susceptible to accrual by the City are property tax, sales tax, special assessments, intergovernmental revenues, other taxes, interest revenue, rental revenue and certain charges for services. Fines, forfeitures and licenses and permits are not susceptible to accrual because they are usually not measurable until received in cash. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Deferred revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when the City receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures or when monies are received before the related services are performed. In subsequent periods, when both revenue recognition criteria are met or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

The reconciliations of the fund financial statements to the government-wide financial statements are provided to explain the differences between the integrated approach of GASB Statement No. 34 and the traditional approach of fund accounting.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Net Assets, and a Statement of Cash Flows for all proprietary funds.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included in the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting,

City of Fremont
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

revenues are recognized in the period in which they are earned and expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

The City reports the following proprietary fund:

Internal Service Funds – These funds account for the Risk Management, Information Technology and Other Post Employment Benefits services provided to other City departments on a cost reimbursement basis.

Internal service fund balances and activities have been combined with governmental activities in the government-wide financial statements.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements consist of a Statement of Net Assets. The City's fiduciary funds consist of agency funds, which are custodial in nature and do not involve measurement of results of operations. The agency funds use the accrual basis of accounting.

The City reports the following agency funds:

Local Improvement Districts – This fund accounts for the special assessment bonds issued by local improvement districts or community facility districts under various public improvement acts of the State of California and secured by liens against properties deemed to have been benefited by the improvements for which the bonds were issued. Property owners are assessed their proportionate share, and the City acts as an agent in collecting the assessments from the property owners, forwarding the collections to bondholders and initiating foreclosure proceedings when necessary.

Performance Bonds, Deposits and Confiscated Assets – This fund accounts for bonds and deposits received in conjunction with construction activity within the City, assets confiscated by the police, and other deposits held by the City as a fiduciary.

Tri-City Waste Facility Financing Authority – This fund accounts for revenue bonds issued by the cities of Fremont, Newark and Union City for the closure of the Durham Road Landfill.

Southern Alameda County GIS – This fund accounts for monies collected from participating agencies for the administration of the Geographic Information System (GIS) through a JPA. The City is the administrator of the GIS, which serves the participating agencies. The parties to the JPA are the City of Fremont, City of Union City, City of Newark, Union Sanitary District, and Alameda County Water District.

City of Fremont
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Cash and Investments

The City pools cash resources from all funds in order to facilitate and maximize the management of cash. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other fixed income investments with varying terms.

In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB No. 3)*, certain disclosures for deposits and investment risks are made in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentration of Credit Risk

In addition, Note 2 includes the City's use of certain methods to present deposits and investments, highly (interest) sensitive investments, and the credit quality of the investments held at year-end.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid money market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available. Interest earned on investments is allocated to all funds on the basis of daily cash and investment balances.

The City participates in an investment pool managed by the State of California, the Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in structured notes and asset-backed securities. These structured notes and asset-backed securities are subject to market risk as to change in interest rates.

Cash and cash equivalents are considered to be cash on hand, amounts in demand deposits and short-term investments with original maturities of three months or less from the date acquired by the City.

D. Restricted Cash and Investments

Certain restricted cash and investments are held by a fiscal agent or the City for the redemption of bonded debt and for acquisition and construction of certain capital projects.

E. Interfund Transactions

During the normal course of operations, the City has numerous transactions among funds. The significant interfund transactions that occurred during the year can be classified into two types:

Transfers – Transactions to allocate the occurrence of specific expenditures within the receiving fund. These transactions are recorded as transfers in and out in the year in which they are approved.

City of Fremont
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Interfund Transactions, Continued

Loans Between Funds - Transactions to loan resources from one fund to another. The interfund loans will be paid back when permanent financing is obtained or definitive funding sources become available. Short-term loans are recorded as "due from other funds" in the disbursing fund and "due to other funds" in the receiving fund.

F. Capital Assets

Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated fair market value on the date donated. City policy has set the capitalization threshold for reporting infrastructure capital assets at \$25,000 and for all other capital assets at \$5,000. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets, as follows:

Buildings	50 years
Building Improvements	20 years
Machinery and Equipment	5 - 25 years
Infrastructure	15 - 100 years
Vehicles	5 - 27 years

The City defines infrastructure as the basic physical assets that allow the City to function. These assets include the street system, park and recreation lands and improvements system, storm water collection system, and site amenities associated with buildings, such as parking and landscaped areas, used by the City in the conduct of its business.

The City uses the modified approach, as defined by GASB Statement No. 34, for infrastructure reporting of its streets, concrete and asphalt pavements. For all other infrastructure systems, the City uses the basic approach, as defined by GASB Statement No. 34.

The City commissioned an appraisal of City-owned infrastructure and property as of December 31, 2001, and has completed internal updates for June 30, 2008. This appraisal determined the original cost, which is defined as the actual cost to acquire new property in accordance with market prices at the time of first construction/acquisition. Original costs were developed in one of three ways: (1) historical records; (2) standard unit costs appropriate for the construction/acquisition date; or (3) present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date of the current date. The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date on a straight-line cost method, was computed using industry accepted life expectancies for each infrastructure subsystem. The book value was then computed by deducting the accumulated depreciation from the original cost.

City of Fremont
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Claims Payable

The City records a liability to reflect an actuarial estimate of ultimate uninsured losses for both general liability claims (including property damage claims) and workers' compensation claims. The estimated liability for workers' compensation claims and general liability claims includes incurred but not reported (IBNR) claims. There is no fixed payment schedule to pay these liabilities.

H. Compensated Absences

In accordance with negotiated labor agreements, employees accumulate earned but unused vacation and other compensated leave, and sick pay benefits. There is no liability for unpaid accumulated sick leave because the City does not pay any amounts when employees separate from service with the City. All vacation and other compensated leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they are expected to be settled with current financial resources.

I. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental-type funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources, while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. Net Assets and Fund Balances

Government-Wide Financial Statements

In the government-wide financial statements, net assets are reported in one of three categories:

Invested in Capital Assets, Net of Related Debt - This category consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Assets - External creditors, grantors, contributors, or laws or regulations of other governments restrict this amount.

Unrestricted Net Assets - This category consists of all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets."

City of Fremont
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

J. Net Assets and Fund Balances, Continued

Fund Financial Statements

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans for future use of financial resources and are subject to change.

Reservations of fund balances of governmental funds are created to either satisfy legal covenants, including state laws, that require a portion of the fund balance be segregated or identify the portion of the fund balance not available for future expenditures. Designated fund balances represent tentative plans for future use of financial resources. Fund reservations and designations used by the City include the following:

- **Reserved for Encumbrances** represents commitments for materials and services on purchase orders and contracts, which are unperformed.
- **Reserved for Debt Service** is provided to set aside funds legally restricted for the payment of principal and interest on long-term debt.
- **Designated for Budget Uncertainty** represents the amounts set up as a hedge against the primary sources of uncertainty in the City's budgets and long-range financial plans.
- **Designated for Program Investment** represents amounts provided for new programs or enterprises that have the potential for costs to be covered by future revenues. This designation is funded at 2.5% of budgeted General Fund expenditures and transfers out, in accordance with Council policy.
- **Designated for Contingencies** is provided to set aside funds to meet costs associated with unforeseen events. This designation is funded at 12.5% of budgeted General Fund expenditures and transfers out, in accordance with Council policy.
- **Designated for Fair Value Adjustments** represents amounts provided for unrealized gains and losses as a result of changes in the fair market value of investments.
- **Designated for Future Appropriations** represents funds designated to cover future year expenditures.
- **Designated for Low and Moderate Income Housing Programs** represents tax increment revenues set aside for low and moderate-income housing projects.
- **Designated for Future Maintenance** represents funds designated for future maintenance on and/or replacement of fixed assets.

City of Fremont
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

J. Net Assets and Fund Balances, Continued

Fund Financial Statements, Continued

- **Designated for Vehicle Replacement** represents funds designated to cover the replacement cost associated with City-owned vehicles.
- **Designated for Capital Projects** represents funds set aside for capital projects as determined by City Council.
- **Designated for Specific Purposes** represents funds designated for other specific purposes.

K. Use of Restricted/Unrestricted Net Assets

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is to apply restricted net assets first.

L. Property Tax

Under California law, property taxes are assessed and collected by the counties at a rate of up to 1% of assessed value, plus other increases approved by the voters. Property taxes go into a pool and are then allocated to cities based on complex formulas. Property taxes are collected by the Auditor-Controller of the County of Alameda (County) and are remitted upon collection to the various taxing entities, including the City and the Agency. Accordingly, the City and the Agency accrue only those taxes that are received from the County within sixty days after year-end.

For assessment and collection purposes, property is classified as either "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed property and real property having a tax lien that is sufficient, in the opinion of the assessor, to secure payment of the taxes. Unsecured property comprises all taxable property not attached to land, such as personal property or business property. Every tax levied by a county that becomes a lien on secured property has priority over all present and future private liens arising pursuant to State law on the secured property, regardless of the time of the creation of the other liens. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on other property owned by the taxpayer.

Valuation of secured property and establishment of a statutory tax lien occur as of January 1 prior to the tax year (the tax year is the July 1 – June 30 fiscal year of the State) of the related tax levy, and the secured and unsecured tax rolls are certified on or before July 31 of the tax year by the County Assessor.

Lien Date (Secured)	January 1
Levy Date	January 1
Secured Taxes – Due Date	November 1 and February 1
Secured Taxes – Delinquency Date	December 10 and April 10
Unsecured Taxes – Due Date	July 1
Unsecured Taxes – Delinquency Date	August 31

City of Fremont
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

L. Property Tax, Continued

Neither the City nor the Agency has the ability to control the levy rate or the amount of property taxes remitted by the County because these are governed by State law.

M. Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of revenues and expenses. Actual results could differ from these estimates and assumptions.

N. Implementation of New GASB Pronouncements

The City has implemented the following new Governmental Accounting Standards Board Statements:

Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions - This objective of this statement is to improve the faithfulness of representations and usefulness of information included in the financial reports of state and local governmental employers regarding other postemployment benefits.

Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues - This statement establishes accounting and financial reporting standards for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. In addition, this statement establishes accounting and financial reporting standards that apply to all intra-entity transfers of assets and future revenues.

Statement No. 50, Pension Disclosures – An Amendment of GASB No. 25 and 27 - This statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits.

2. CASH AND INVESTMENTS

The City maintains an internal cash and investment pool for all funds. Certain restricted funds that are held and invested by independent outside custodians through contractual agreements are not pooled, and are reported as cash with fiscal agents.

Investment income earned on pooled cash and investments is allocated monthly to the various funds based on average daily cash balances. Investment income from cash and investments with fiscal agents is credited directly to the related funds.

City of Fremont
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

2. CASH AND INVESTMENTS, Continued

A. Authorized Investments

The City's investment policy is adopted annually by the City Council in accordance with California Government Code Section 53601, and has as its objectives the following (in order of priority):

- **Safety:** Safety of principal is the foremost objective of the investment program. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in the portfolio's composition.
- **Liquidity:** The portfolio shall remain sufficiently liquid to meet all operating requirements that can be reasonably anticipated. Liquidity refers to the ability to sell an investment at any given moment with a minimal chance of losing some portion of principal or interest.
- **Yield:** The portfolio shall be designed to attain a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

Under provisions of the City's investment policy, the City may invest in the following types of investments:

- Bonds and notes issued by the City.
- U.S. Treasury bills, notes, bonds, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.
- Registered state warrants or treasury notes or bonds issued by the State of California.
- Bonds, notes, warrants, or other evidence of debt issued by a local agency within the State of California with the highest credit rating (on the date of purchase) by two nationally recognized rating services.
- The Local Agency Investment Fund (LAIF) maintained by the State of California.
- Obligations issued by agencies or instrumentalities of the U.S. Government.
- Bankers' acceptances with a term not to exceed 180 days.
- Prime commercial paper with a term not to exceed 270 days and the highest rating issued by Moody's Investors Service or Standard & Poor's Corporation, on the date of purchase.
- Negotiable certificates of deposit issued by federally chartered or state-chartered banks or associations or by a state-licensed branch of a foreign bank.
- Repurchase agreements that comply with statutory requirements, are documented by a written agreement, are fully collateralized by delivery to an independent third-party custodian or the counter party's bank's trust department or safekeeping department, and are for a term of one year or less.
- Medium-term notes with a maximum maturity of five years issued by corporations organized and operating in the United States.
- Shares of beneficial interest issued by diversified management companies investing in authorized securities and obligations (e.g., money market mutual funds).

City of Fremont
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

2. CASH AND INVESTMENTS, Continued

A. Authorized Investments, Continued

- Insured or collateralized time deposits or savings accounts secured in accordance with the provisions of Sections 53651 and 53652 of the California Government Code.
- Any pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond with a maximum maturity of five years.
- Guaranteed investment agreements for funds that can be invested longer than five years with final maturity not to exceed ten years.
- Other investments that are permitted by bond indenture agreements.

A five-year maximum maturity for each investment is allowed unless an extension of maturity is granted by the City Council.

In accordance with Section 53651 of the California Government Code, the City cannot invest in inverse floaters, range notes, or interest-only strips that are derived from a pool of mortgages, or in any security that could result in zero interest accrual if held to maturity. The limitation does not apply to investments in shares of beneficial interest issued under the Investment Company Act of 1940 that are authorized investments under Section 53601 of the California Government Code.

As of June 30, 2008, the City had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>INVESTMENT MATURITIES (in years)</u>				
		<u>1 Year or Less</u>	<u>1-2 Years</u>	<u>2-3 Years</u>	<u>3-4 Years</u>	<u>4-5 Years</u>
U.S. Agencies	\$ 169,445,546	\$ 8,030,995	\$ 3,100,000	\$ 14,100,140	\$ 65,092,968	\$ 79,121,443
U.S. Treasuries	6,596,121	6,596,121	-	-	-	-
Domestic Banker's Acceptance	15,065,421	15,065,421	-	-	-	-
Commercial Paper	42,725,104	42,725,104	-	-	-	-
Medium Term Notes	22,777,383	5,508,785	1,011,650	5,350,268	6,927,990	3,978,690
Money Market Accounts	4,775,330	4,775,330	-	-	-	-
Pooled Accounts	89,720,000	89,720,000	-	-	-	-
Time Deposits	3,900,000	3,900,000	-	-	-	-
Total	\$ 355,004,905	\$ 176,321,756	\$ 4,111,650	\$ 19,450,408	\$72,020,958	\$ 83,100,133

City of Fremont
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

2. CASH AND INVESTMENTS, Continued

A. Authorized Investments, Continued

The following is a summary of pooled cash and investments, including cash and investments with fiscal agent, at June 30, 2008.

	Government-Wide Statement of Net Assets Governmental Activities	Fiduciary Funds Statement of Net Assets	Totals
Investments	\$ 329,315,694	\$ 17,110,278	\$ 346,425,972
Restricted investments held by city	6,498,563	2,080,370	8,578,933
Subtotal	335,814,257	19,190,648	355,004,905
Checking account balance and petty cash	(583,253)	-	(583,253)
Total held by the city	335,231,004	19,190,648	354,421,652
Restricted cash and investments held by fiscal agent	6,485,089	11,724,259	18,209,348
Totals	\$ 341,716,093	\$ 30,914,907	\$ 372,631,000

B. Deposits

At June 30, 2008, the carrying amount of the City's time and demand deposits was \$3,299,792. The difference between the bank balance of \$4,640,622 and the carrying amount resulted from outstanding checks and deposits in transit. Of the time deposits and demand deposits, \$700,000 was covered by federal depository insurance and \$3,940,622 was collateralized with securities held by the counter party or its agent in accordance with Section 53652 of the California Government Code. The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits, or by pledging first trust deed mortgage notes having a value of 150% of City's total deposits.

C. Risk Disclosures

Restricted cash and investments held by fiscal agent in the Fremont Public Financing Authority Debt Service Fund are restricted for the payment of principal and interest on certificates of participation and revenue bonds. In the government-wide funds, restricted cash and investments related to 2003 and 2005 General Obligation bonds. In the fiduciary funds, restricted cash and investments relate to special assessment bonds and bonds issued by the Tri-City Waste Facility Financing Authority.

Interest Rate Risk. At June 30, 2008, the City held no investments that are "highly sensitive to interest rate fluctuations" as defined by GASB 40. As a means of limiting exposure to fair value losses arising from rising interest rates, the City's investment policy provides that final maturities of securities cannot exceed five years. Specific maturities of investments depend on liquidity needs. At June 30, 2008, the City's pooled cash and investments had the following maturities:

City of Fremont
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

2. CASH AND INVESTMENTS, Continued

C. Risk Disclosures, Continued

<u>Maturity</u>	<u>Percentage of Investment</u>
Less than one year	50%
One to two years	1%
Two to three years	5%
Three to four years	20%
Four to five years	24%

The weighted-average life of the portfolio was 747 days, without regard to call features of many of the bonds held in the portfolio.

Credit Risk. It is the City's policy that commercial paper have a credit rating of A1 by Standard & Poor's or P-1 by Moody's Investors Service. Corporate bonds and medium-term notes must have a rating of A or better. Mutual funds and federal agency securities must have the highest rating issued by the nationally recognized statistical rating organizations. The Local Agency Investment Fund (LAIF), administered by the State of California, has a separate investment policy, governed by Government Code Sections 16480-16481.2, that provides credit standards for its investments. The City's investments in federally sponsored agencies are rated AAA by Standard & Poor's and Moody's Investors Service. Medium term notes and corporate bonds are rated from A to AAA by Standard & Poor's and Moody's Investors Service. Money market funds are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service. Time and demand deposits over \$100,000 are collateralized by the financial institution.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counter-party, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All securities, with the exception of the money market funds, time deposits, and LAIF, are held by a third-party custodian, Bank of New York Trust Company (BNY). BNY is a registered member of the Federal Reserve Bank. The securities held by BNY are in street name, and a customer number assigned to the City identifies ownership.

D. Fair Value Adjustment

GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, requires that the City's investments be carried at fair value instead of cost. Accordingly, the City adjusts the carrying value of its investments to reflect their fair value at each fiscal year-end and the effects of these adjustments are included in income for that fiscal year. The total amount of the fair value gain adjustment as of June 30, 2008 was \$1,219,199. At June 30, 2007, the total fair value loss adjustment was \$1,601,374. The change in value between the two periods amounted to an unrealized gain of \$2,820,573 for fiscal year 2007/08.

City of Fremont
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

2. CASH AND INVESTMENTS

E. External Investment Pool

The City invests in the California Local Agency Investment Fund (LAIF), a State of California external investment pool which is not rated. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available, and on amortized cost or best estimate for those securities where market value is not readily available.

The LAIF is part of the Pooled Money Investment Account (PMIA). The PMIA oversight is provided by the Pooled Money Investment Board (PMIB) and an in-house Investment Committee. The PMIB members are the State Treasurer, Director of Finance, and State Controller. The Local Investment Advisory Board (LIAB) provides oversight for LAIF. The Board consists of five members as designed by statute. The Chairman is the State Treasurer or his designated representative. Two members qualified by training and experience in the field of investment or finance, and the State Treasurer appoints two members who are treasurers, finance or fiscal officers or business managers employed by any county, city or local district or municipal corporation of this state.

The City values its investments in LAIF at amortized cost, which approximates the fair value.

The City's investments with LAIF at June 30, 2008, include a portion of pool funds invested in structured notes and asset-backed securities. These investments may include the following:

Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or have embedded forwards or options.

Asset-Backed Securities entitle the purchasers to receive a share of the cash flows from a pool of assets, such as principal and interest repayments from a pool of mortgages (e.g., CMOs), small business loans, or credit card receivables.

As of June 30, 2008, the City had \$89,720,000 invested in LAIF, which had invested 11.12% of the pool's funds in structured notes and medium-term asset-backed securities.

City of Fremont
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

3. RECEIVABLES

As of June 30, 2008, the City had the following receivables:

A. Housing Loans Receivable

At June 30, 2008, the City was owed, in its Community Development Block Grant Fund, \$1,180,457, for various housing assistance loans made by the City. The terms of repayment are for 20 years at 5% interest per annum. Because the notes do not meet the City's availability criteria for revenue recognition, the City has deferred the revenue related to these loans.

Loans under the HELP Program (Housing Enabled by Local Partnerships) were all repaid to the Redevelopment Agency as of June 30, 2008. This is a revolving loan with terms of 3 year at 3% simple interest per annum. No new loans were made during fiscal year 2007/08.

The City has issued various other housing loans that are expected to be forgiven in future years. As a result, the City has recorded an allowance in anticipation of the amount to be forgiven for loans receivable in the same amount as the outstanding principal on those loans, resulting in a zero balance in the basic financial statements. Interest on the loans is recorded as interest receivable with an offsetting amount of deferred revenue because the City's revenue recognition criteria have not been met. The cumulative amount of these loans as of June 30, 2008 is \$61,174,591 and the accumulated interest receivable is \$7,761,943.

B. Interest Receivable

Interest receivable at June 30, 2008 consists of the following:

Interest receivable on investments held by City	\$ 2,721,399
Interest on housing loans, home loans and rehabilitation loans receivable	<u>7,761,943</u>
Total governmental funds interest receivable	<u>\$ 10,483,342</u>

City of Fremont
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

4. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2008, consists of the following:

	Balance June 30, 2007	Prior Period Adjustments	Increase	Decrease	Transfers	Balance June 30, 2008
Nondepreciable Assets:						
Land	\$ 201,663,973	\$ -	\$ 1,230,265	\$ -	\$ -	\$ 202,894,238
Land improvements	5,260,249	-	-	-	-	5,260,249
Infrastructure	367,125,191	-	-	-	-	367,125,191
Construction in progress	24,724,823	22,888,502	53,500,836	-	(10,205,104)	90,909,057
Total nondepreciable assets	598,774,236	22,888,502	54,731,101	-	(10,205,104)	666,188,735
Depreciable Assets:						
Building and improvements	133,389,073		2,001,365	-	10,205,104	145,595,542
Equipment	17,986,324		907,751	(127,295)	-	18,766,780
Vehicles	23,090,990		695,892	(384,159)	-	23,402,723
Infrastructure	317,672,710	-	3,572,115	-	-	321,244,825
Total depreciable assets	492,139,097	-	7,177,123	(511,454)	10,205,104	509,009,870
Less Accumulated Depreciation For:						
Building and improvements	(34,539,528)	-	(2,796,327)	-	-	(37,335,855)
Equipment	(11,927,806)		(1,098,929)	127,295	-	(12,899,440)
Vehicles	(14,312,363)		(1,451,748)	354,980	-	(15,409,131)
Infrastructure	(308,987,840)	-	(537,611)	-	-	(309,525,451)
Total accumulated depreciation	(369,767,537)	-	(5,884,615)	482,275	-	(375,169,877)
Total depreciable assets, net	122,371,560	-	1,292,508	(29,179)	10,205,104	133,839,993
Total capital assets, net	\$ 721,145,796	\$ 22,888,502	\$ 56,023,609	\$ (29,179)	\$ -	\$ 800,028,728

Depreciation expense was charged to functions and programs of the primary government, as follows:

Governmental Activities:	
General government	\$ 1,413,766
Police services	928,212
Fire services	1,139,643
Human services	29,876
Capital assets maintenance and operations	2,245,200
Recreation and leisure services	55,120
Community development and environmental services	72,798
Total depreciation expense, governmental activities	<u>\$ 5,884,615</u>

City of Fremont
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

4. CAPITAL ASSETS, Continued

In accordance with GASB Statement No. 34, the City has reported all capital assets including infrastructure in the Government-Wide Statement of Net Assets. The City elected to use the modified approach, as defined by GASB Statement No. 34, for infrastructure reporting for its pavement system. As a result, no accumulated depreciation expense has been recorded for this system. A more detailed discussion of the modified approach is presented in the Required Supplementary Information section of this report. All other capital assets, including other infrastructure systems, are reported using the basic approach whereby accumulated depreciation and depreciation expense have been recorded.

5. LONG-TERM DEBT

A summary of changes in governmental activities long-term debt and compensated absences for the year ended June 30, 2008, is as follows:

	Interest Rates	Amounts Outstanding June 30, 2007	Incurred or Issued	Satisfied or Matured	Amounts Outstanding June 30, 2008	Amounts Due Within One Year	Amounts Due in More than One Year
Redevelopment Agency Tax Allocation Bonds:							
Series 2003	1.80-4.40%	\$13,950,000	\$ -	\$(2,125,000)	\$11,825,000	\$2,190,000	\$9,635,000
Series 2004	3.00-4.00%	33,695,000	-	(3,755,000)	29,940,000	3,870,000	26,070,000
Total tax allocation bonds		47,645,000	-	(5,880,000)	41,765,000	6,060,000	35,705,000
General Obligation Bond							
Fire Safety Bond 2003	1.00-4.40%	9,430,000	-	(210,000)	9,220,000	220,000	9,000,000
Fire Safety Bond 2005	3.50-5.00%	25,000,000	-	-	25,000,000	-	25,000,000
Total general obligation bonds		34,430,000	-	(210,000)	34,220,000	220,000	34,000,000
Certificates of Participation							
1990 Public Financing Authority	Variable	4,225,000	-	(375,000)	3,850,000	400,000	3,450,000
1991 Public Financing Authority	Variable	3,700,000	-	(100,000)	3,600,000	200,000	3,400,000
1998 Public Financing Authority	Variable	10,830,000	-	(270,000)	10,560,000	290,000	10,270,000
1998 Public Financing Authority	3.8-4.75%	16,515,000	-	(580,000)	15,935,000	595,000	15,340,000
2001 Public Financing Authority	Variable	32,110,000	-	(765,000)	31,345,000	805,000	30,540,000
2001B Public Financing Authority	Variable	8,745,000	-	(365,000)	8,380,000	380,000	8,000,000
2002 Public Financing Authority	Variable	34,265,000	-	(900,000)	33,365,000	930,000	32,435,000
2003 Public Financing Authority	Variable	20,260,000	-	(855,000)	19,405,000	875,000	18,530,000
Total certificates of participation		130,650,000	-	(4,210,000)	126,440,000	4,475,000	121,965,000
Total long-term debt		212,725,000	-	(10,300,000)	202,425,000	10,755,000	191,670,000
Unamortized long-term bond discount		618,876	-	(31,389)	587,487	31,389	556,098
Total long-term debt with unamortized bond discount		213,343,876		10,331,389	203,012,487	10,786,389	192,226,098
Compensated absences		8,298,812	1,276,152	(841,474)	8,733,490	2,183,373	6,550,117
Total long-term debt with unamortized bond discount and compensated absences		\$221,642,688	\$1,276,152	\$(9,489,915)	\$211,745,977	\$12,969,762	\$198,776,215

City of Fremont
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

5. LONG-TERM DEBT, Continued

Amounts of long-term debt payable in the government-wide financial statements are generally payable from amounts available in related debt service funds and from annual property tax and certain other revenues collected for the purpose of retiring the respective debt obligations.

The annual principal and interest requirements of long-term debt are as follows:

Year Ending June 30, 2008	Tax Allocation Bonds		General Obligation Bond		Certificates of Participation	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 6,060,000	\$ 1,438,596	\$ 220,000	\$ 1,536,353	\$ 4,475,000	\$ 5,189,794
2010	6,255,000	1,241,286	740,000	1,511,678	4,610,000	5,011,307
2011	6,465,000	1,022,881	780,000	1,477,153	4,780,000	4,824,041
2012	6,700,000	779,121	820,000	1,445,878	4,985,000	4,638,131
2013	6,960,000	511,820	860,000	1,417,493	5,185,000	6,050,215
2014-2018	9,325,000	376,700	4,950,000	6,568,763	27,810,000	18,301,893
2019-2023	-	-	6,020,000	5,448,502	29,695,000	12,295,228
2024-2028	-	-	7,450,000	3,933,638	28,680,000	5,974,169
2029-2033	-	-	9,290,000	1,932,375	16,220,000	1,358,250
2034-2038	-	-	3,090,000	156,250	-	-
Total	\$ 41,765,000	\$ 5,370,404	\$ 34,220,000	\$ 25,428,083	\$ 126,440,000	\$ 63,643,028

A. Special Assessment Debt (No City Commitment)

Special assessment bonds have been issued under various public improvement acts of the State of California and are secured by liens against properties deemed to have been benefited by the improvements for which the bonds were issued. The City is not liable for repayment and acts only as an agent for the property owners in collecting the assessments, forwarding the collections to bondholders, and initiating foreclosure proceedings when necessary. These bonds are payable solely from assessments, specific reserves, and the proceeds from property foreclosures. As of June 30, 2008, special assessment and special tax bonded indebtedness (long-term and current portions) was approximately \$29,640,000, which was not recognized in the accompanying basic financial statements.

B. Community Facilities District Special Tax Bonds (No City Commitment)

Special tax bonds were issued under the Mello-Roos Community Facilities Act of 1982. The proceeds of the 2001 bonds are to be utilized to finance the acquisition of specified public capital improvements for the development of the District, known as Pacific Commons. The District is intended to be a business park with commercial and industrial facilities. The property owners, with Catellus Development Corporation (now ProLogis) as the master developer and majority landowner, are obligated to pay the interest and principal on the 2001 bonds through an annual levy pursuant to the Rate and Method of Apportionment approved by the City Council and the qualified elector of the District. The 2001 bonds are not a general debt liability of the City and are solely payable from the annual facilities special tax levy and the reserve fund. As of June 30, 2008, the 2001 bond indebtedness was \$29,685,000.

City of Fremont
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

5. LONG-TERM DEBT, Continued

B. Community Facilities District Special Tax Bonds (No City Commitment), Continued

On June 26, 2005, the City Council approved the issuance of \$38,000,000 of Community Facilities District 1, Special Tax, Series B (Pacific Commons) bonds. These bonds were issued on July 21, 2005. The net proceeds of the Series B bonds will be used to reimburse the developer for the costs of specified public improvements that have been or are to be built or otherwise conveyed to public agencies in conjunction with the development of Pacific Commons. As of June 30, 2008, the 2005 bond indebtedness was \$38,000,000.

C. Housing Enabled by Local Partnerships

The Agency has a \$1.5 million HELP Program (Housing Enabled by Local Partnerships) loan payable to the California Housing Finance Agency. The loan has a 10-year term and bears simple interest at 3% per annum. Payments are deferred for the term of the loan. The \$1.5 million principal and accrued interest are due September 1, 2010. The Agency uses the HELP funds as a revolving loan fund, primarily for issuing short-term construction loans to affordable housing developers. As of June 30, 2007, all loans issued to developers have been repaid to the Agency.

D. Compensated Absences

The City records a liability to recognize the financial effect of unused vacation and other compensated leaves. The total of vacation and other compensated leaves is \$8,733,490. The City typically uses the General Fund to liquidate compensated absences.

6. RISK MANAGEMENT

The City is exposed to various exposures related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City established the Risk Management Internal Service Fund to account for and finance its uninsured risks of loss. Under the City's risk management program, the City retains risk for up to \$500,000 for each workers' compensation claim, \$500,000 for each general liability claim, and \$25,000 for each property claim. The liability for general liability claims and workers' compensation claims in excess of \$500,000 is discussed below.

The City records estimated liabilities for claims filed or expected to be filed up to the amounts for which it retains risk in the Risk Management Internal Service Fund. Charges to the General Fund and other funds are based on a percentage of payroll costs for general liability and a three year moving average cost of claims for workers' compensation. They are recorded in the funds as expenditures or expenses and revenues of the Risk Management Internal Service Fund.

The City retained an independent actuary in 2008 to perform an analysis of the City's potential liability for its retained risk portions of the general liability and workers' compensation programs. The amount recorded as a liability consists of the specific reserves (self-insured retention) for individual known claims or lawsuits and estimates for incurred but not reported claims. The present value of estimated outstanding losses is calculated using a 4.75% discount rate to reflect future investment earnings. There

City of Fremont
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

6. RISK MANAGEMENT, Continued

were no reductions in insurance coverage from the prior year and there were no insurance settlements that exceeded coverage in each of the past years.

Changes in the balances of claim liabilities (shown as claims payable in the accompanying basic financial statements) during the past three fiscal years ended June 30, 2008, 2007 and 2006 are as follows:

	2008	2007	2006
Balance, beginning of year	\$ 9,371,000	\$ 9,274,000	\$ 9,305,000
Provision for claims losses	4,595,240	4,911,365	3,863,260
Claims payments	(3,608,240)	(4,814,365)	(3,894,260)
Balance, end of year	<u>\$ 10,358,000</u>	<u>\$ 9,371,000</u>	<u>\$ 9,274,000</u>
Due in one year	\$ 3,920,000	\$ 3,629,000	\$ 3,473,272
Due in more than one year	6,438,000	5,742,000	5,800,728
Total claim liabilities	<u>\$ 10,358,000</u>	<u>\$ 9,371,000</u>	<u>\$ 9,274,000</u>

A. Participation in Public Entity Risk Pools

In February 1986, the City joined with other municipalities and regional municipal joint powers authorities to form the California Joint Powers Risk Management Authority (CJPRMA), a public entity risk pool currently operating as a general liability risk management and insurance program for 22 member entities. The purpose of the CJPRMA is to spread the adverse effects of losses among the member agencies. General liability claims in excess of \$500,000 and up to \$40,000,000 per occurrence are covered by the CJPRMA. Five years after settlement of all claims for a program year, CJPRMA retroactively adjusts premium deposits for any excess or deficiency in deposits related to paid claims and reserves.

City of Fremont
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

6. RISK MANAGEMENT, Continued

A. Participation in Public Entity Risk Pools, Continued

Summary financial information for CJPRMA for the year ended June 30, 2007 (latest available date), is as follows:

Cash and investments	\$ 78,315,034
Premiums and fees receivable	1,177,503
Other assets	127,984
Total assets	<u>\$ 79,620,521</u>
Total reserves, unearned premiums and other liabilities	\$ 43,665,263
Net assets	<u>35,955,258</u>
Total liabilities and net assets	<u>\$ 79,620,521</u>
Net premiums earned	\$ 18,601,034
Loss provision and premiums paid	(11,996,678)
General and administrative expenses	(1,519,224)
Operating income	5,085,132
Investment income	4,192,037
Net income	9,277,169
Refunds to members	(5,663,991)
Change in net assets	<u>\$ 3,613,178</u>

The CJPRMA refunds excess contributions to members from time to time, based on the results of actuarial studies of each program year's claims experience. These refunds include cumulative earnings on program year contributions but may be reduced by amounts required to fund prior or subsequent year unfavorable claims experience.

The CJPRMA governing board consists of a representative from each member entity. All members have a single vote for policy and charter changes. An executive committee of seven is elected to handle administration. Complete financial statements for the CJPRMA can be obtained from CJPRMA, 2333 San Ramon Valley Blvd., Suite 250, San Ramon, California 94583.

In July 1992, the City joined with other municipalities and special districts to form the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX), a public entity risk pool. In June 2006, the City withdrew from LAWCX and joined CSAC Excess Insurance Authority (CSAC). CSAC membership consists of 54 California counties and 152 organizations (cities, schools districts, special districts and other JPAs). Workers' compensation claims in excess of \$500,000 are covered by CSAC through reinsurance up to the limit of \$250,000,000.

City of Fremont
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

6. RISK MANAGEMENT, Continued

A. Participation in Public Entity Risk Pools, Continued

Summary financial information for CSAC for the year ended June 30, 2007 (latest available date), is as follows:

Total cash and cash equivalents	\$ 36,149,474
Total other current assets	199,304,653
Total noncurrent assets	<u>231,605,589</u>
Total assets	<u><u>\$ 467,059,716</u></u>
Total current liabilities	\$ 104,301,153
Total noncurrent liabilities	251,654,426
Net assets	<u>111,104,137</u>
Total liabilities and net assets	<u><u>\$ 467,059,716</u></u>
Total operating revenues	\$ 316,138,799
Total operating expenses	(285,873,231)
Total nonoperating revenue	<u>23,083,091</u>
Net income	<u><u>\$ 53,348,659</u></u>

Complete financial statements for CSAC can be obtained from CSAC Excess insurance Authority.
3017 Gold Canal Drive, Rancho Cordova, California 95670.

7. INTERFUND TRANSACTIONS

A. Interfund Receivables and Payables

Interfund receivables and payables represent short term loans owed by Non-major Governmental Funds to the General Fund for purposes of covering short term negative cash positions. These interfund transactions are routine year end adjustments. Interfund receivables and payables at June 30, 2008, were as follows:

		Due to
		Non-Major
		Governmental
		Funds
Due from	General Fund	<u>\$ 9,921,431</u>
	Total	<u><u>\$ 9,921,431</u></u>

City of Fremont
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

7. INTERFUND TRANSACTIONS, Continued

B. Interfund Transfers

The General Fund transfers resources to other funds to support activities that cannot be supported through fees, grants, or charges for service. These activities include capital projects, debt service, maintenance, and certain cost center operations. There are also a variety of additional transfers between the General Fund and other funds to cover such items as overhead and vehicle replacement charges.

Interfund transfers for the year ended June 30, 2008, were as follows:

	Transfers In										Total
	General	RDA	Low & Mod.	RDA	RDA	Development	Recreation	Capital	Non-Major	Internal	
	Fund	Operations	Income Housing	Debt Service	Capital Projects	Cost Center	Services	Maintenance	Funds	Service Funds	
General Fund	\$ -	\$ 22,697	\$ -	\$ -	\$ -	\$ 2,589,822	\$ 2,662,481	\$ 21,083,883	\$ 16,041,730	\$ 20,373	\$ 42,420,986
Redevelopment Operations	167,748	-	-	-	-	-	-	-	1,364	-	169,112
Low and Mod. Income Housing	91,656	-	-	5,141,498	-	-	-	-	-	-	5,233,154
Redevelopment Debt Service	-	10,400,000	-	-	52,181,739	-	-	-	-	-	62,581,739
Development. Impact Fees	950,000	-	-	-	-	-	-	-	881,800	-	1,831,800
Development Cost Center	1,878,266	-	-	-	-	-	-	-	270,026	-	2,148,292
Recreation Services	627,054	-	-	-	-	-	-	-	38,067	-	665,121
Capital Maintenance	2,488,581	-	-	-	-	-	-	-	737,853	-	3,226,434
Non-Major Funds	477,758	-	-	-	-	-	-	3,708,232	1,367,035	-	5,553,025
Internal Service Funds	557,137	-	-	-	-	-	-	-	9,283	-	566,420
Total	\$ 7,238,200	\$ 10,422,697	\$ -	\$ 5,141,498	\$ 52,181,739	\$ 2,589,822	\$ 2,662,481	\$ 24,792,115	\$ 19,347,158	\$ 20,373	\$ 124,396,083

City of Fremont
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

8. FUND BALANCE RESERVATIONS

Reservations of fund balances of governmental funds are created to either satisfy legal covenants, including state laws, that require a portion of the fund balance be segregated or identify the portion of the fund balance not available for future expenditures. Designated fund balances represent tentative plans for future use of financial resources. Fund reservations and designations used by the City are as follows:

Fund Balances:	General Fund	RDA Operations	Low & Mod. Income	RDA Debt Service	RDA Capital Projects	Development Impact Fees	Development Cost Center	Recreation	Capital Maintenance	Non-major Funds	Total
Reserved for:											
Encumbrances	\$202,890	\$166,376	\$61,868	\$ -	\$23,938,910	\$3,053,088	\$74,919	\$ -	\$364,927	\$31,809,175	\$59,672,153
Debt Service	-	-	-	7,995,967	-	-	-	-	-	3,673,419	11,669,386
Unreserved, designated, reported in:											
Budget Uncertainty	11,176,000	-	-	-	-	-	-	-	-	-	11,176,000
Program Investment	3,560,235	-	-	-	-	-	-	-	-	-	3,560,235
Contingencies	17,801,175	-	-	-	-	-	-	-	-	-	17,801,175
Fair Value Adjustments	648,701	(42,687)	86,576	-	231,148	200,970	8,106	(37,722)	20,039	108,317	1,223,448
Future Appropriations	2,243,000	-	-	-	-	-	-	-	-	-	2,243,000
Future Maintenance	-	-	-	-	-	-	-	-	787,780	-	787,780
Vehicle Replacement	-	-	-	-	-	-	-	-	-	3,470,728	3,470,728
Capital Projects	-	-	-	-	62,339,968	55,090,685	-	-	-	31,495,852	148,926,505
Specific Purposes	-	-	21,488,130	-	-	-	2,890,025	3,540,504	-	28,775,858	56,694,517
Unreserved, undesignated	889,106	(100,387)	-	-	-	-	-	-	-	(13,207,803)	(12,419,084)
Total Fund Balance	\$36,521,107	\$23,302	\$21,636,574	\$7,995,967	\$86,510,026	\$58,344,743	\$2,973,050	\$3,502,782	\$1,172,746	\$86,125,546	\$304,805,843

9. RETIREMENT BENEFITS

A. California Public Employees' Retirement System

Plan Description - The City's defined benefit pension plans, City of Fremont Miscellaneous Plan and City of Fremont Safety Plan, provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries through the California Public Employees' Retirement System (CalPERS). All permanent City employees classified as full-time, as well as part-time permanent and temporary City employees who work 1,000 or more hours per year, are required to participate in CalPERS. Benefits vest after five years of service.

City employees who retire at or after age 55 (50 for safety employees) are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.5% for miscellaneous employees and 3% for safety employees for each year of service of their highest annual salary. The service retirement benefit for public safety is capped at 90% of final compensation. There is no cap on retirement benefits for miscellaneous employees. CalPERS also provides death and disability benefits. These benefit provisions and all other requirements are established by State statute and City ordinance.

The City of Fremont Miscellaneous Plan and City of Fremont Safety Plan are part of the Public Agency portion of CalPERS, an agent multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public employers within the State of California. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, California 95814.

City of Fremont
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

9. RETIREMENT BENEFITS, Continued

A. California Public Employees' Retirement System, Continued

Funding Policy – Active plan members in the City of Fremont Miscellaneous Plan are required to contribute 8% of their annual covered salary. Active plan members in the City of Fremont Safety Plan are required to contribute 9% of their annual covered salary. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2007/08 was 18.8% of covered payroll for miscellaneous employees and 28.6% of covered payroll for safety employees. The contribution requirements of the plan members are established by State statute, and the employer contribution rate is actuarially established and may be amended by CalPERS.

Annual Pension Cost – For fiscal year 2007/08 the City's annual pension cost was \$18,711,625, which was equal to the City's required and actual contributions. The required contribution rate for fiscal year 2007/08 was determined as part of the June 30, 2005 actuarial valuation, which used the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (1) 7.75% investment rate of return (net of administrative expenses); (2) projected salary increases that vary by duration of service ranging from 3.25% to 14.45% for miscellaneous members, and from 3.25% to 13.15% for safety members; (3) an inflation component of 3.0%, and (4) 3.25% annual cost-of-living adjustment for miscellaneous members and safety members. The actuarial values of the Miscellaneous and Safety Plans' assets were determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a fifteen-year period. CalPERS' unfunded actuarial accrued liability (or surplus) is amortized as a level percentage of projected payrolls on a closed basis.

The amortization period at June 30, 2006, was 30 years for both miscellaneous and safety members for prior and current service unfunded liabilities.

Following is three-year trend information for both plans:

Three-Year Trend Information for City of Fremont Miscellaneous Plan

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/06	\$ 6,661,794	100%	-
6/30/07	7,461,565	100%	-
6/30/08	8,434,409	100%	-

City of Fremont
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

9. RETIREMENT BENEFITS, Continued

A. California Public Employees' Retirement System, Continued

Three-Year Trend Information for City of Fremont Safety Plan

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/06	\$ 9,261,718	100%	-
6/30/07	8,943,586	100%	-
6/30/08	10,277,216	100%	-

B. Funding Status as of the Most Recent Actuarial Date

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CalPERS)
FUNDING STATUS for *Miscellaneous Employees*
As of June 30, 2007 Actuarial Valuation Date

Actuarial accrued liability (AAL)	\$269,353,315
Actuarial value of assets	214,181,444
Unfunded actuarial accrued liability (UAAL)	\$55,171,871
Funded ratio	79.5%
Covered payroll	\$43,330,638
UAAL as a percentage of covered payroll	127.33%

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CalPERS)
FUNDING STATUS for *Safety Employees*
As of June 30, 2007 Actuarial Valuation Date

Actuarial accrued liability (AAL)	\$368,678,266
Actuarial value of assets	303,498,048
Unfunded actuarial accrued liability (UAAL)	\$65,180,218
Funded ratio	82.3%
Covered payroll	\$32,940,052
UAAL as a percentage of covered payroll	197.88%

10. OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description - In addition to providing the retirement benefits described above, the City provides post-retirement healthcare benefits, in accordance with bargaining unit agreements, to qualified retired employees. Retirees must make an election within 90 days following the date of separation from City employment to be eligible for the benefits. The number of employees currently eligible to receive the benefit has increased from 540 in the previous year to 568 in the current year. The City reimburses all or part of premium payments for medical insurance. The reimbursement amount is subject to a negotiation

City of Fremont
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

10. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

process and varies by bargaining unit and retirement date. The benefit is paid monthly to the retiree subject to proof of coverage and attestation of premium payment. The benefit generally ceases upon death of the retiree. Expenses for post-retirement benefits are recognized on a pay-as-you-go basis. Total expenses for premium reimbursement in the years ended June 30, 2007 and June 30, 2008, were \$1,530,512 and \$3,387,000 respectively.

Funding Policy - The City has established an internal service fund for these costs. Contributions to the internal service fund in excess of pay-as-you-go amounts will be made, as economic conditions permit.

Annual OPEB Cost and Net OPEB Obligation - The City's annual OPEB cost is calculated based on the annual contribution of the employer (ARC), an amount actuarially determined in accordance with the provisions of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution	\$3,387,000
Interest on net OPEB obligation	-
Adjustment to the annual required contribution	-
Annual OPEB cost	\$3,387,000
Contributions made	1,614,000
Increase in net OPEB obligation	\$1,773,000
NET OPEB obligation – beginning of year	-
NET OPEB obligation end of year	\$1,773,000

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2007/08 and the preceding year are as follows:

Fiscal Year Ended	Annual OPEB Cost	Contributions Made	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2008	\$3,387,000	\$1,614,000	47.7%	\$1,773,000

Funding Status and Funding Progress - As of June 30, 2006, the most recent actuarial valuation date, the funding status of the plan, was as follows:

Actuarial accrued liability (AAL)	\$44,893,000
Actuarial value of assets	-
Unfunded actuarial accrued liability (UAAL)	\$44,893,000
Funded ratio	0%
Covered payroll	\$68,332,000
UAAL as a percentage of covered payroll	65.7%

City of Fremont
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

10. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit cost between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities, and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2006, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions include a 4.75 percent investment rate of return, which is close to the City's own year to date investment yield of 4.74 percent. A 3.0 percent general rate of inflation was used as well as 3.25 percent aggregate payroll increases. The amortization period used to calculate the ARC is 30 years.

11. COMMITMENTS AND CONTINGENCIES

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

In a cooperation and financing agreement between the City and the Agency, the City and the Agency agree to share the costs of improvements for four freeway interchanges on Interstate 880. In a joint powers agreement with the City of Milpitas, California, the City of Milpitas has agreed to match the City and Agency's contribution towards the costs of improving one of these four freeway interchanges. As of June 30, 2008, the City and Agency had incurred cumulative project expenditures of \$62,204,932 for the four interchanges.

City of Fremont
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

11. COMMITMENTS AND CONTINGENCIES, Continued

The Agency has entered into agreements with various taxing authorities whereby the Agency passes through a portion of its incremental property tax received from the County for these taxing authorities. These payments are shown as intergovernmental expenditures in the accompanying basic financial statements. As of June 30, 2008, the total pass-through obligation of \$9,847,880 had not yet been paid. This amount is included in due to other governmental agencies in the accompanying basic financial statements.

A. Housing Loan Commitments

Maple Square Apartments - To date, the Agency and the City have committed a total of \$13,002,961 to Maple Square Apartments developed by Affirmed Housing Group/Fremont Family Housing Partners, L.P., in the Centerville Redevelopment Project Area. This commitment consists of \$12,706,961 of Agency set-aside funds and \$296,000 of State Workforce Housing Reward Grant funds awarded the City. The 132-unit affordable rental housing development for families opened in February 2007. As of June 30, 2008, \$12,602,961 has been disbursed consisting of \$12,306,961 of Agency funds and \$296,000 of State Grant funds. These loan funds were used for predevelopment, land acquisition and development costs. In fiscal year 2009, the developer is expected to request the remaining \$400,000 Agency loan commitment balance.

Eden Housing – Peralta Boulevard – On July 10, 2007, the Redevelopment Agency Board approved a pre-development loan of \$250,000 to Eden Housing Inc., to cover predevelopment costs associated with a proposed 96-unit senior affordable housing development to be located in the Centerville Project Area. The loan agreement was executed.

On April 22, 2008, the City Council approved a \$488,157 CDBG grant for the Peralta Boulevard project to assist with acquisition of the 2.98-acre site.

On June 17, 2008, the Agency approved a \$2,000,000 acquisition loan, but on July 22, 2008, the loan commitment was reduced to \$600,000, and the Council approved the \$1,400,000 loan from the HOME grant fund. Therefore, the total commitment from Redevelopment Housing, CDBG and HOME grants totaled \$2,738,157. As of June 30, 2008, \$198,272 has been disbursed from the Redevelopment Housing Fund.

Allied Housing Main Street Village – On January 22, 2008, the Redevelopment Agency Board approved a \$219,000 predevelopment loan to Allied Housing to build 50-55 extremely-low, very low and low-income supportive housing units, as well as, 6-8 retail/office space on the 1.6 – acre site located at Main and High Street in the Irvington area. As of June 30, 2008, no loan disbursements were made.

Fremont Vista Retirement Homes – In prior years, \$2,665,000 was approved by the Agency for development of a 100-unit senior rental assisted living facility on Mission Boulevard in Fremont, with the stipulation that 20 studio units be affordable, with rents controlled by an Agency regulatory agreement. As of June 30, 2007, \$2,470,000 had been disbursed.

City of Fremont
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

11. COMMITMENTS AND CONTINGENCIES, Continued

A. Housing Loan Commitments, Continued

In March 2007, the developer (Fremont Vista Retirement Homes LP) defaulted on its first mortgage, which led to foreclosure. The loan was insured by HUD, who paid off the loan and then sold the property to Fremont Acquisition, LLC/Fremont Real Estate in February 2008. A deed in lieu of foreclosure was filed by Fremont Acquisition, LLC, which relieved Fremont Vista Retirement Homes LP of its obligations with respect to the property. The foreclosure action wiped out the Agency's \$2,470,000 subordinated loan and released the new owner from any obligation to maintain the 20 affordable units. To date, the owner continues to maintain the affordable units and has not contacted the Agency to request a formal release from the Agency agreement.

With respect to the loan commitments described above, the Agency is repaid based on the type of loan and whether the affordable housing units are for sale or rental. If it is an apartment project, borrowers agree to pay the Agency an amount equal to excess cash, which is defined as the operating revenue in excess of the amount required for operation of the development, including current debt service, other mortgage loans, property management fees, taxes, insurance and other operating costs. In the event that excess cash is not generated, all loan principal and interest payments are deferred. If it is a short-term construction loan, borrowers agree to pay the Agency when permanent financing is in place. Loans issued for homeownership are generally repaid with interest at the time of sale or within a specified period or are issued as equity sharing loans. The Agency has not recorded receivables related to these agreements because the amount of the receivables is not currently available.

12. PLEDGES OF FUTURE REVENUES

The Redevelopment Agency issued its Tax Allocation Bonds and its Housing Bonds to revitalize blighted areas and to improve the housing stock available for low and moderate income families and individuals. Debt service is secured by property tax increments generated from the taxable properties within the redevelopment project areas.

A. Redevelopment Agency Tax Allocation Bonds (Housing Set-Aside), Series 2003

On June 5, 2003, the Redevelopment Agency issued \$18,045,000 of federally taxable bonds with a final maturity date of September 1, 2012. The purpose of the issuance is to finance the Agency's project activities to increase, improve or preserve the supply of low and moderate income housing within or of benefit to the project areas, fund a portion of the required reserve fund and cover costs of issuance of the bonds. The bonds are special obligations of the Redevelopment Agency payable only from housing set-aside revenues, reserve funds and from such other funds pledged under the indenture. Annual principal and interest payments on the bonds are expected to require less than 10 percent of total property tax increment revenue. The total principal and interest remaining to be paid on the bonds is \$13,311,045. Principal is due annually on each September 1. Principal and Interest paid for the current year was \$2,616,125 and total property tax increment revenue for the current year was \$29,573,112.

City of Fremont
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

12. PLEDGES OF FUTURE REVENUES, Continued

B. Redevelopment Agency Tax Allocation Bonds, Series 2004

On June 30, 2004, the Redevelopment Agency issued \$41,425,000 of Redevelopment Agency (Merged Redevelopment Project) Tax Allocation Bonds, Series 2004 under an Indenture of Trust dated June 1, 2004 by and between the Redevelopment Agency and Union Bank of California, N.A., as trustee. Interest rates on the 2004 Bonds range from 3% to 4%. The 2004 Bonds are special obligations of the Redevelopment Agency payable from and secured by tax revenues. The proceeds of the 2004 Bonds was used by the Redevelopment Agency to refund previously issued 2000 bonds, finance and refinance redevelopment activities, and finance costs of issuance of the 2004 Bonds. Annual principal and interest payments on the bonds are expected to require less than 20% of total property tax increment revenue. The total principal and interest remaining to be paid on the bonds is \$34,055,047. Principal and Interest paid for the current year was \$4,882,731 and total property tax increment revenue for the current year was \$29,573,112.

13. PRIOR PERIOD ADJUSTMENT

The Government-wide Statement of Activities and Change in Net Assets includes a restatement of the beginning of the year net assets for the year ended June 30, 2008. The adjustment, in the amount of \$22,888,502, is for construction costs related to the Washington Grade Separation project.

	Net Assets as Previously Reported	Noncurrent Asset: Capital Assets	Net Assets as Restated
Total Government-Wide Activities	\$813,200,907	\$22,888,502	\$836,089,409

14. SUBSEQUENT EVENTS

At June 30, 2008, Tax and Revenue Anticipation Notes (TRAN) payable in the principal amount of \$19,720,000 were outstanding. The notes and related interest for the 2007 TRAN were paid on September 30, 2008.

On September 30, 2008, new TRAN proceeds of \$28,360,080 were received by the City. The 2008 \$28,000,000 par value TRAN was sold with a premium of \$362,320, with costs of issuance estimated to be \$45,000. The City is obligated to set aside security for repayment of the TRAN, which will occur on September 29, 2009.

On September 2, 2008, the Fremont Public Financing Authority Board approved the issuance of \$29,000,000 Fixed Rate Certificates of Participation (COPs) for the purpose of refunding the 1990, 1991, and 2003 COPs. Refunding the earlier COPs allows for termination of the leases between the Fremont Public Financing Authority (PFA) and the City, and will free property values for other uses should the need arise. Refunding the 2003 COP will result in debt service savings.

City of Fremont
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

14. SUBSEQUENT EVENTS, Continued

On October 7, 2008, the Fremont Public Financing Authority Board approved the issuance of the \$50,000,000 Variable Rate COPs, for the purpose of refunding the 2002 COP (\$32,435,000) and obtaining new capital project money.

As of June 30, 2008, the City held \$2,000,000 of Lehman bonds and \$2,000,000 of Lehman commercial paper maturing in less than three months. The bonds and commercial paper were well within the City's investment policy and high investment grade securities when purchased. However, on September 15, 2008, Lehman filed for bankruptcy protection. Lehman's bankruptcy means that the City is unlikely to recover its entire investment back. At the time of the Lehman filing, the City was due \$2,000,000 in commercial paper and held \$2,000,000 in longer term investments. With accrued interest, the City's bankruptcy claim is just a little over \$4,000,000.

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REQUIRED SUPPLEMENTARY INFORMATION

City of Fremont
Required Supplementary Information
For the year ended June 30, 2008

1. BUDGETARY INFORMATION

Through the budget, the City Council sets the direction of the City, allocates its resources and establishes its priorities. The Annual Budget assures the efficient and effective uses of the City's financial resources, as well as establishing that highest priority objectives are accomplished.

The Annual Budget serves from July 1 to June 30, and is a vehicle that communicates these priorities to the community, businesses, vendors, employees and other public agencies. In addition, it establishes the foundation of effective financial planning by providing resource allocation, performance measures and controls that permit the evaluation and adjustment of the City's performance.

The City follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- a) The City Council adopts an annual budget by resolution prior to August 1 of each fiscal year. The annual budget indicates appropriations by fund or, in some instances, by program. The City Council may adopt supplemental appropriations during the year. At the fund level, expenditures may not legally exceed appropriations. The City Manager is authorized to transfer budgeted amounts between departments or programs within any fund.

The City Manager may also increase appropriations for operating expenditures for the Development Cost Center and Recreation Services Cost Center when quarterly fee estimates in those funds exceed the amounts estimated at the time of budget adoption because of increased fee activity. Any revisions or transfers that alter the total appropriations of other funds must be approved by the City Council.

- b) Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Annual appropriated budgets are adopted for the General and certain special revenue funds (Redevelopment Operations, Development Cost Center and Recreation Services). Project-length budgets are adopted for all capital projects funds, and either project-length budgets or non-appropriated financial plans are adopted for certain other special revenue funds (all special revenue funds except those specifically mentioned in the preceding sentence).
- c) Supplementary budgetary changes were adopted by the City Council during the year; however, these supplemental budgetary changes were not material in relation to the budget as originally adopted.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental fund types. Encumbrances outstanding at year-end are reported as reservations of fund balance and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

City of Fremont
Required Supplementary Information, Continued
For the year ended June 30, 2008

1. BUDGETARY INFORMATION, Continued

Unexpended annual appropriations lapse at the end of the fiscal year; encumbered appropriations are re-budgeted in the next fiscal year. Unexpended capital improvement appropriations are carried forward until the improvements or programs are complete.

Following are the budget comparison schedules for the General Fund and applicable major special revenue funds for which an annual operating budget was adopted.

Budgetary Comparison Schedule, General Fund

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Fund Balance - Beginning	\$ 43,941,000	\$ 43,941,000	\$ 42,133,694	\$ (1,807,306)
Resources (inflows):				
Property tax	63,371,686	63,371,686	59,761,853	(3,609,833)
Sales tax	36,650,000	36,650,000	35,583,842	(1,066,158)
Vehicle license fees	1,522,000	1,522,000	938,566	(583,434)
Intergovernmental	468,314	485,094	330,656	(154,438)
Business tax	6,999,000	6,999,000	7,508,481	509,481
Other taxes	4,919,000	4,919,000	4,273,581	(645,419)
Franchises	8,484,000	8,484,000	7,953,642	(530,358)
Charges for services	9,164,000	9,164,241	9,269,315	105,074
Investment earnings	2,368,000	2,368,000	3,101,542	733,542
Other	21,000	21,000	230,200	209,200
Operating transfers in	7,435,000	7,435,000	7,238,200	(196,800)
Total resources	141,402,000	141,419,021	136,189,878	(5,229,143)
Charges to appropriations (outflows):				
General government	14,565,678	13,987,212	12,628,762	1,358,450
Police services	51,902,546	53,332,975	51,898,838	1,434,137
Fire services	30,087,256	31,027,173	29,845,855	1,181,318
Human services	3,481,927	3,617,835	3,573,227	44,608
Community development and environmental services	738,790	755,984	714,477	41,507
Capital outlay	-	278,102	278,102	-
Debt service:				
Interest and fiscal charges	475,000	475,000	442,218	32,782
Operating transfers out	48,503,973	42,607,780	42,420,986	186,794
Total charges to appropriations	149,755,170	146,082,061	141,802,465	4,279,596
Resources over (under) charges to appropriations	(8,353,170)	(4,663,040)	(5,612,587)	(949,547)
Fund Balance - Ending	\$ 35,587,830	\$ 39,277,960	\$ 36,521,107	\$ (2,756,853)

City of Fremont
Required Supplementary Information, Continued
For the year ended June 30, 2008

1. BUDGETARY INFORMATION, Continued

Budgetary Comparison Schedule, Redevelopment Operations

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Fund Balance - Beginning	\$ 1,824,544	\$ 1,824,544	\$ 1,487,088	\$ (337,456)
Resources (inflows):				
Investment earnings	400,000	400,000	328,208	(71,792)
Other	-	-	160,591	160,591
Operating transfers in	8,000,000	10,422,697	10,422,697	-
Total resources	8,400,000	10,822,697	10,911,496	88,799
Charges to appropriations (outflows):				
Intergovernmental	8,500,000	10,170,059	10,170,059	-
Community development	1,541,502	2,036,111	2,036,111	-
Operating transfers out	167,746	169,112	169,112	-
Total charges to appropriations	10,209,248	12,375,282	12,375,282	-
Resources over (under) charges to appropriations	(1,809,248)	(1,552,585)	(1,463,786)	88,799
Fund Balance - Ending	\$ 15,296	\$ 271,959	\$ 23,302	\$ (248,657)

Budgetary Comparison Schedule, Development Cost Center

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Fund Balance - Beginning	\$ 2,767,318	\$ 2,483,792	\$ 2,496,451	\$ 12,659
Resources (inflows):				
Charges for services	10,574,805	10,574,805	10,975,687	400,882
Investment earnings	224,000	224,000	375,460	151,460
Operating transfers in	2,438,000	2,614,822	2,589,822	(25,000)
Total resources	13,236,805	13,413,627	13,940,969	527,342
Charges to appropriations (outflows):				
Community development and environmental services	11,306,693	12,127,098	11,316,077	811,021
Operating transfers out	2,213,638	2,213,638	2,148,292	65,346
Total charges to appropriations	13,520,331	14,340,736	13,464,369	876,367
Resources over (under) charges to appropriations	(283,526)	(927,109)	476,599	1,403,709
Fund Balance - Ending	\$ 2,483,792	\$ 1,556,683	\$ 2,973,050	\$ 1,416,368

City of Fremont
Required Supplementary Information, Continued
For the year ended June 30, 2008

1. BUDGETARY INFORMATION, Continued

Budgetary Comparison Schedule, Recreation Services

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Fund Balance - Beginning	\$ 2,858,752	\$ 2,858,752	\$ 3,382,431	\$ 523,679
Resources (inflows):				
Charges for services	4,007,326	4,007,326	4,028,541	21,215
Investment earnings	115,040	115,040	233,246	118,206
Other	16,300	16,300	49,647	33,347
Operating transfers in	2,607,000	2,689,482	2,662,481	(27,001)
Total resources	6,745,666	6,828,148	6,973,915	145,767
Charges to appropriations (outflows):				
Recreation and leisure services	6,167,000	6,357,668	6,188,443	169,225
Operating transfers out	666,005	666,005	665,121	884
Total charges to appropriations	6,833,005	7,023,673	6,853,564	170,109
Resources over (under) charges to appropriations	(87,339)	(195,525)	120,351	315,876
Fund Balance - Ending	\$ 2,771,413	\$ 2,663,227	\$ 3,502,782	\$ 839,555

2. MODIFIED APPROACH FOR THE CITY'S INFRASTRUCTURE

In accordance with GASB Statement No. 34, the City accounts for and reports infrastructure capital assets. The City defines infrastructure as the basic physical assets including the street system; park and recreation lands and improvement system; storm water collection system; and site amenities associated with buildings, such as parking and landscaped areas, used by the City in the conduct of its business. Each major infrastructure system is divided into subsystems. For example, the street system is divided into concrete and asphalt pavements, concrete curb and gutters, sidewalks, medians, streetlights, traffic control devices (signs, signals and pavement markings), landscaping and land. Subsystem detail is not presented in these basic financial statements; however, the City maintains detailed information on these subsystems.

The City has elected to use the modified approach, as defined by GASB Statement No. 34, for the Roads and Streets networks. Under GASB Statement No. 34, eligible infrastructure capital assets are not required to be depreciated under the following conditions:

- The City manages the eligible infrastructure capital assets using an asset management system with characteristics of (1) an up-to-date inventory; (2) perform condition assessments and summarize the results using a measurement scale; and (3) estimate annual amount needed to maintain and preserve at the established condition assessment level.

City of Fremont
Required Supplementary Information, Continued
For the year ended June 30, 2008

2. MODIFIED APPROACH FOR THE CITY'S INFRASTRUCTURE, Continued

- The City documents that the eligible infrastructure capital assets are being preserved approximately at or above the established and disclosed condition assessment level.

In 2006, the City commissioned a study to update the physical condition assessment of the streets. The prior assessment study was completed in 2004. The streets, primarily concrete and asphalt pavements were defined as all physical features associated with the operation of motorized vehicles that exist within the limits of right of way. City-owned streets are classified based on land use, access and traffic utilization into the following four classifications: (1) arterial/major, (2) secondary, (3) collector and (4) local. This condition assessment is performed every two to three years. Each street was assigned a physical condition based on 17 potential defects. A Pavement Condition Index (PCI), a nationally recognized index, was assigned to each street and expressed in a continuous scale from 0 to 100, where 0 is assigned to the least acceptable physical condition and 100 is assigned to the physical characteristics of a new street. The following conditions were defined:

<u>Condition</u>	<u>Rating</u>
Excellent	86-100
Good	70-85
Fair	50-69
Poor	25-49
Very Poor	0-24

The City's policy is to achieve an average rating of 70 for all streets. This rating allows minor cracking and raveling of the pavement along with minor roughness that could be noticeable to drivers traveling at the posted speeds. As of June 30, 2008, the City's street system was rated at a PCI index of 67 on the average with the detail condition as follows:

<u>Condition</u>	<u>Rating</u>	<u>% of Streets</u>	
		<u>June 30, 2008</u>	<u>June 30, 2007</u>
Good to Excellent	70-100	59.0%	60.0%
Fair	50-69	20.4%	19.2%
Substandard to Poor	0-49	20.6%	20.8%

The City's streets are constantly deteriorating due to the following four factors: (1) traffic using the streets; (2) the sun's ultra-violet rays drying out and breaking down the top layer of pavement; (3) utility company/private development interests' trenching operations; and (4) water damage from natural precipitation and other urban runoff. The City is continuously taking actions to arrest the deterioration through short-term maintenance activities, such as pothole patching, street sweeping, and sidewalk repair.

In total, the City expended \$5,839,171 on street maintenance for the fiscal year ended June 30, 2008. These expenditures delayed deterioration; however, the overall rating of the City's streets was not improved through these maintenance expenditures.

City of Fremont
Required Supplementary Information, Continued
For the year ended June 30, 2008

2. MODIFIED APPROACH FOR THE CITY'S INFRASTRUCTURE, Continued

The City estimates that the amount of annual expenditures that will be required to maintain the City's streets at the average PCI rating of 67 through the fiscal year 2008/09 is \$12,600,000. A schedule of estimated annual amounts calculated to maintain and preserve its streets at the current level compared to actual expenditures for street maintenance for the last five years follows.

<u>Fiscal Year</u>	<u>Maintenance Estimate</u>	<u>Actual Expenditures</u>	<u>PCI Rating</u>
2003-04	\$ 4,655,000	\$ 2,392,948	74
2004-05	5,500,000	384,506	71
2005-06	6,200,000	323,178	70
2006-07	10,800,000	5,199,654	68
2007-08	12,000,000	5,839,171	67

The City has an on-going street rehabilitation program funded in the Capital Improvement Program that is intended to improve the condition rating of City streets. The rehabilitation program is formulated based on deficiencies identified as a part of its Pavement Management System (PMS). As of June 30, 2008, approximately 41% of the City's streets were rated below the average standard of 70, a slight increase from 2006/07 when the percentage of streets rated below 70 was 40%. The City will continue to rehabilitate these segments of the streets.

3. SCHEDULE OF FUNDING IN PROGRESS

A schedule of funding progress for the year ended June 30, 2008, including the past three actuarial valuations, is presented below:

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CalPERS)
SCHEDULE OF FUNDING IN PROGRESS
Miscellaneous Employees

<u>Actuarial Valuation Date*</u>	<u>Actuarial Asset Value</u>	<u>Entry Age Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>Unfunded Actuarial Liability as Percentage of Covered Payroll</u>
06/30/2005	\$ 176,708,876	\$ 229,820,688	\$ 53,111,812	76.9%	\$ 40,752,097	130.33%
06/30/2006	193,579,760	249,738,009	56,158,249	77.5%	40,981,091	137.03%
06/30/2007	214,181,444	269,353,315	55,171,871	79.5%	43,330,638	127.33%

City of Fremont
Required Supplementary Information, Continued
For the year ended June 30, 2008

3. SCHEDULE OF FUNDING IN PROGRESS, Continued

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CalPERS)
SCHEDULE OF FUNDING IN PROGRESS
Safety Employees

Actuarial Valuation Date*	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Liability as Percentage of Covered Payroll
06/30/2005	\$ 261,977,431	\$ 320,681,742	\$ 58,704,311	81.7%	\$ 30,631,016	191.65%
06/30/2006	281,612,246	345,024,916	63,412,670	81.6%	32,720,037	193.80%
06/30/2007	303,498,048	368,678,266	65,180,218	82.3%	32,940,052	197.88%

- Latest available information

OTHER POST EMPLOYMENT BENEFITS (OPEB)
SCHEDULE OF FUNDING IN PROGRESS

Actuarial Valuation Date	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Liability as Percentage of Covered Payroll
06/30/2006	\$ -	\$ 44,893,000	\$ 44,893,000	0.0%	\$ 68,332,000	65.70%

Actuarial valuations for June 30, 2008 and 2007 are not available

SUPPLEMENTARY INFORMATION

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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for City revenues from sources that, by law or administrative action, are designated to finance particular functions or activities of government. The individual special revenue funds are as follows:

Community Development Block Grant – This fund accounts for grants from the U.S. Department of Housing and Urban Development for the primary purpose of developing viable urban communities.

HOME Grant – This fund accounts for monies received under the HOME Investment Partnership Act. HOME funds can be used to acquire, rehabilitate, finance, and construct affordable housing and provide tenant-based rental assistance.

HUD/HOPE Grant – This fund accounts for monies received through the Housing Authority of Alameda County from the Department of Housing and Urban Development (HUD) for special Housing Opportunities for the People Everywhere (HOPE) grant. Case management is provided to enable functionality impaired older persons to obtain services that promote and maintain their optimum levels of functioning.

HUD/SHP Grant – This fund accounts for funds from the Department of Housing and Urban Development to implement the Homeless Outreach for People Empowerment project.

Multi-family Housing – This fund accounts for fees received for monitoring the Residential Mortgage Loan Program.

Older Americans Grant – This fund accounts for federal grant monies received under the Older Americans Act. Case management is provided to enable functionality impaired older persons to obtain services.

Tri-City Elders – The Tri-City Elders Coalition works to identify and effectively meet the needs of seniors to enable them to remain independent in their own homes and communities. This is accomplished through advocacy, education, resource coordination and information sharing.

Senior Services – This fund accounts for revenues and expenditures for programs conducted by the Senior Citizens Center.

Multipurpose Senior Services Program (MSSP) – This fund accounts for monies received from the State Department of Aging (via Federal pass-thru) to provide services aimed at allowing frail elders to remain in their homes.

Area Agency on Aging MSSP – This fund accounts for monies received from the State Department of Aging (via County pass-thru) to provide services aimed at allowing frail elders to remain in their homes.

Alameda County Senior Mobile Mental Health – This fund accounts for the monies received from Alameda County Behavioral Health Care Services Department to support a multi-disciplinary team approach to mobile mental health services provided to homebound isolated seniors.

SPECIAL REVENUE FUNDS, Continued

Family Resource Center – This fund accounts for monies received for leases at the Family Resource Center. This revenue is used for maintenance and operating costs of the center.

Haas Grant – This fund accounts for monies from the Evelyn and Walter Haas, Jr. Fund for the Family Resource Center. Funds are used for several FRC program areas.

Youth Service Center – This fund accounts for Youth Service Center grants received from the State Council for Criminal Justice.

Every Child Counts Grant – This fund accounts for monies allocated through Alameda County from State Proposition 10 (tobacco taxes) to support early childhood programs in Youth and Family Services.

Alameda Behavioral Health Care – This fund accounts for the monies used to support a multi-disciplinary team approach to family support at the Family Resource Center.

Measure B – Under Measure B, the City receives the proceeds of an additional half-cent sales tax for use on transportation-related expenditures. This fund accounts for the portion of these monies used to partially fund the City's paratransit program.

Human Services Miscellaneous – This fund accounts for donations that support Human Services Departments programs, as well as, small grants given to Human Services by private contributors.

Integrated Waste Management – This fund accounts for monies received by the City to comply with the provisions of AB939 for the purpose of addressing recycling, household hazardous waste and solid waste management issues. These revenues may only be spent for integrated waste management and waste reduction programs.

Urban Runoff – The Clean Water Fee special assessment funds the Urban Runoff Clean Water Program. This program is based on the Stormwater Management Plan of the Alameda Countywide Clean Water Program. The plan is required for and a part of the National Pollutant Discharge Elimination System permit. Included in the plan are tasks for municipalities to carry out, including public information, municipal maintenance activities, new development requirements, illicit discharge elimination, industrial discharge identification and control, monitoring and special studies.

Abandoned Vehicle – This fund accounts for monies received by the City under California Vehicle Code Sections 9250.7 and 22710 and is used for the abatement, removal, and disposal as public nuisances of any abandoned, wrecked, dismantled, or inoperative vehicles from private or public property.

Narcotics Asset Seizure – This fund accounts for assets confiscated by the City and by the Southern Alameda County Narcotics Enforcement Team (SACNET), which consists of police officers from the cities of Fremont, Newark and Union City. These assets may only be used for future narcotics investigations.

COPS AB3229 – This fund accounts for State funds distributed by the County for front-line law enforcement services, including anti-gang and community crime prevention programs.

SPECIAL REVENUE FUNDS, Continued

Justice Assistance Grant – This fund accounts for federal pass through money and allows states, tribes and local government to support a broad range of activities to prevent and control crime based on their local needs and conditions, such as initiatives technical assistance, training personnel, and equipment supplies.

Metropolitan Medical Response System (MMRS) – This fund accounts for federal grants to fund the purchase of anti-terrorism equipment, medications and training and exercise for terrorism responses.

Miscellaneous Federal Grants – This fund accounts for federal monies received for various individual federal grants that require Single Audit.

Miscellaneous State Support – This fund accounts for one-time miscellaneous funds received from State agencies.

Traffic Congestion AB2928 – This fund accounts for monies provided by State legislation to be used for street improvements, and/or projects specified in the Assembly Bill. The bill also requires a Maintenance of Effort (MOE) from the General Fund over a 3-year period.

State Gas Tax – This fund accounts for monies apportioned to the City from State-collected gasoline taxes. The annual allocation may be spent for street maintenance or construction. Funds are apportioned by the State on the basis of population.

Proposition 1B Local Streets and Roads – This fund provides bond monies provided by State legislation to cities for maintenance and improvement of local transportation facilities

County Support for City Streets – This fund received and expends the money allocated from Alameda County as the City's share of the State gasoline taxes allocated for County roads.

Maintenance District – This fund accounts for lighting and landscape maintenance activities in new subdivisions within the City. These activities are funded by special assessments on property within the benefited area.

DEBT SERVICE FUNDS

Debt Service Funds are used to record the accumulation of resources for, and the payment of, principal, interest and fiscal charges on general long-term debt. The individual debt service funds are as follows:

2003 & 2005 Fire General Obligation Bonds – Voters of the City of Fremont approved Measure R in the November 2002 election, which authorizes the City to issue \$51 million in general obligation bonds to provide funding to replace three fire stations, build a public safety training center, and make remodeling and seismic improvements to seven existing fire stations. To date, \$35 million of these bonds have been issued: Series A for \$10 million, was issued on July 17, 2003 and Series B, for \$25 million was issued on April 14, 2005.

Financing Authority – This fund accounts for the payment of principal and interest on certificates of participation. The proceeds of the debt were used to finance construction of capital facilities.

CAPITAL PROJECT FUNDS

Capital Project Funds are used to account for the acquisition or construction of major capital facilities and improvements. The specific capital project funds are listed below:

Transportation Development Act – This fund accounts for funds received under the Transportation Development Act (Article 3) to be used for street construction projects.

Miscellaneous State Grants Capital – This fund accounts for one-time miscellaneous funds received from State agencies.

Interchange Construction – This fund accounts for construction of Interstate 880 interchange at Fremont Boulevard, Mission Boulevard, Auto Mall Parkway and Dixon Landing Road.

Vehicle Replacement – This fund accounts for vehicle acquisitions.

Capital Improvement – By Council resolution, this fund can be used only to finance capital improvements for the City, including the acquisition, construction, and initial equipping of parks, recreation areas, public safety facilities, or other public works projects. Amounts in this fund are received as transfers from the General Fund, as interest earned on invested cash balances, as proceeds from the sale of certain parcels of land, or as proceeds of debt.

Capital Improvement Outside Sources – This fund accounts for contributions received from other outside sources that are intended to help fund specific capital projects.

Measure B – Under Measure B, the City receives the proceeds of an additional half-cent sales tax for use on transportation-related expenditures. This fund accounts for that portion of these monies used to fund transportation-related capital projects.

Intermodal Surface Transportation Efficiency Act (ISTEA) – ISTEA was created in 1991 to provide federal funding for transportation projects. It replaces the Federal Aid Urban Program. Among ISTEA's many programs, three provide capital improvement funds for local governments. These programs are known as the Surface Transportation Program, the Congestion Mitigation and Air Quality Improvement Program, and the Transportation Enhancement Activity Program. Funds are applied for on a project-by-project basis.

Traffic System Management – This fund received monies from the Bay Area Quality Management District under AB434. The fund's expenditures relate to the implementation of the City's trip reduction ordinance – a State-mandated activity.

2003 & 2005 Fire General Obligation Bonds – This fund accounts for debt proceeds used for the construction, remodeling, or improvements of fire stations.

Financing Authority – This fund accounts for debt proceeds used to construct capital facilities.

City of Fremont
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2008
(With comparative totals for June 30, 2007)

	Special Revenue Funds				
	Community Development Block Grant	HOME Grant	HUD/HOPE Grant	HUD/SHP Grant	Multi-family Housing
ASSETS					
Cash and investments held by City	\$ -	\$ -	\$ 6,211	\$ -	\$ 83,893
Restricted cash and investments held by fiscal agent	-	-	-	-	-
Receivables:					
Due from other governmental agencies	582,044	224,140	-	223,277	-
Housing rehabilitation loans, net	1,180,457	-	-	-	-
Accrued interest	79,167	906,639	-	49,024	-
Other	-	-	-	-	-
Total assets	\$ 1,841,668	\$ 1,130,779	\$ 6,211	\$ 272,301	\$ 83,893
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 336,569	\$ 20,757	\$ -	\$ 42,948	\$ 6,750
Salaries and wages payable	5,497	-	-	-	6,046
Due to other funds	253,575	199,698	-	180,329	-
Deferred revenue	1,246,027	906,639	-	49,024	134
Total liabilities	1,841,668	1,127,094	-	272,301	12,930
Fund Balances:					
Reserved for encumbrances	83,509	101,786	-	3,836	-
Reserved for debt service	-	-	-	-	-
Unreserved:					
Designated:					
Specific purposes	-	-	6,211	-	70,963
Capital projects	-	-	-	-	-
Undesignated	(83,509)	(98,101)	-	(3,836)	-
Total fund balances	-	3,685	6,211	-	70,963
Total liabilities and fund balances	\$ 1,841,668	\$ 1,130,779	\$ 6,211	\$ 272,301	\$ 83,893

Special Revenue Funds							
Older Americans Grant	Tri-City Elders	Senior Services	Multipurpose Senior Services Program	Area Agency on Aging MSSP	Alameda County Senior Mobile Mental Health	Family Resource Center	Haas Grant
\$ -	\$ 112,708	\$ 37,608	\$ -	\$ -	\$ -	\$ 4,181,022	\$ 3,584
-	-	-	-	-	-	-	-
5,444	-	-	107,398	26,007	151,941	40,438	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
8,257	-	150,254	-	22,996	180,555	93,858	-
<u>\$ 13,701</u>	<u>\$ 112,708</u>	<u>\$ 187,862</u>	<u>\$ 107,398</u>	<u>\$ 49,003</u>	<u>\$ 332,496</u>	<u>\$ 4,315,318</u>	<u>\$ 3,584</u>
\$ -	\$ 7,490	\$ 24,521	\$ 5,197	\$ 4,033	\$ 9,902	\$ 21,909	\$ -
-	-	10,392	-	-	-	26,777	-
13,701	-	-	102,201	41,406	321,131	-	-
-	-	150,662	-	-	1,463	-	-
<u>13,701</u>	<u>7,490</u>	<u>185,575</u>	<u>107,398</u>	<u>45,439</u>	<u>332,496</u>	<u>48,686</u>	<u>-</u>
-	-	32,700	80	-	142,990	13,299	-
-	-	-	-	-	-	-	-
-	105,218	-	-	3,564	-	4,253,333	3,584
-	-	-	-	-	-	-	-
-	-	(30,413)	(80)	-	(142,990)	-	-
<u>-</u>	<u>105,218</u>	<u>2,287</u>	<u>-</u>	<u>3,564</u>	<u>-</u>	<u>4,266,632</u>	<u>3,584</u>
<u>\$ 13,701</u>	<u>\$ 112,708</u>	<u>\$ 187,862</u>	<u>\$ 107,398</u>	<u>\$ 49,003</u>	<u>\$ 332,496</u>	<u>\$ 4,315,318</u>	<u>\$ 3,584</u>

(Continued)

City of Fremont
Combining Balance Sheet
Non-Major Governmental Funds, Continued
June 30, 2008
(With comparative totals for June 30, 2007)

	Special Revenue Funds				
	Youth Service Center	Every Child Counts Grant	Alameda Behavioral Health Care	Measure B	Human Services Miscellaneous
ASSETS					
Cash and investments held by City	\$ -	\$ 310,715	\$ -	\$ 99,540	\$ 361,008
Restricted cash and investments held by fiscal agent	-	-	-	-	-
Receivables:					
Due from other governmental agencies	66,194	42,674	14,857	167,274	50,866
Housing rehabilitation loans, net	-	-	-	-	-
Accrued interest	-	-	-	-	-
Other	-	55,381	-	-	-
Total assets	\$ 66,194	\$ 408,770	\$ 14,857	\$ 266,814	\$ 411,874
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,030	\$ -	\$ -	\$ 51,304	\$ -
Salaries and wages payable	-	-	-	2,700	-
Due to other funds	65,164	-	14,857	-	-
Deferred revenue	-	14,316	-	-	-
Total liabilities	66,194	14,316	14,857	54,004	-
Fund Balances:					
Reserved for encumbrances	700	2,296	-	-	-
Reserved for debt service	-	-	-	-	-
Unreserved:					
Designated:					
Specific purposes	-	392,158	-	212,810	411,874
Capital projects	-	-	-	-	-
Undesignated	(700)	-	-	-	-
Total fund balances	-	394,454	-	212,810	411,874
Total liabilities and fund balances	\$ 66,194	\$ 408,770	\$ 14,857	\$ 266,814	\$ 411,874

Special Revenue Funds							
Integrated Waste Management	Urban Runoff	Abandoned Vehicle	Narcotics Asset Seizure	COPS AB3229	Justice Assistance Grant	Metropolitan Medical Response System	Miscellaneous Federal Grants
\$ 6,248,048	2,442,840	\$ -	\$ 744,640	\$ 225,349	\$ -	\$ 430,765	\$ -
-	-	-	33,245	-	-	-	-
54,147	-	40,000	-	-	21,179	-	90,177
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
413,397	-	-	-	-	-	-	-
<u>\$ 6,715,592</u>	<u>\$ 2,442,840</u>	<u>\$ 40,000</u>	<u>\$ 777,885</u>	<u>\$ 225,349</u>	<u>\$ 21,179</u>	<u>\$ 430,765</u>	<u>\$ 90,177</u>
\$ 291,818	\$ 8,592	\$ -	\$ 11,957	\$ 153,091	\$ 4,121	\$ 3,750	\$ -
23,475	12,133	-	2,568	-	-	-	-
-	-	40,000	-	-	17,058	-	67,805
98,388	-	-	-	-	-	-	22,372
<u>413,681</u>	<u>20,725</u>	<u>40,000</u>	<u>14,525</u>	<u>153,091</u>	<u>21,179</u>	<u>3,750</u>	<u>90,177</u>
185,223	22,343	-	-	-	-	-	-
-	-	-	-	-	-	-	-
6,116,688	2,399,772	-	763,360	72,258	-	427,015	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>6,301,911</u>	<u>2,422,115</u>	<u>-</u>	<u>763,360</u>	<u>72,258</u>	<u>-</u>	<u>427,015</u>	<u>-</u>
<u>\$ 6,715,592</u>	<u>\$ 2,442,840</u>	<u>\$ 40,000</u>	<u>\$ 777,885</u>	<u>\$ 225,349</u>	<u>\$ 21,179</u>	<u>\$ 430,765</u>	<u>\$ 90,177</u>

(Continued)

City of Fremont
Combining Balance Sheet
Non-Major Governmental Funds, Continued
June 30, 2008
(With comparative totals for June 30, 2007)

	Special Revenue Funds				
	Miscellaneous State Support	Traffic Congestion AB2928	State Gas Tax	Prop 1B Local Streets & Roads	County Support for City Street
ASSETS					
Cash and investments held by City	\$ -	\$ 121,451	\$ 8,118,119	\$ 3,412,664	\$ 340,188
Restricted cash and investments held by fiscal agent	-	-	-	-	-
Receivables:					
Due from other governmental agencies	69,977	-	1,230,745	-	-
Housing rehabilitation loans, net	-	-	-	-	-
Accrued interest	5,158	-	-	-	-
Other	150,405	-	25,967	-	-
Total assets	\$ 225,540	\$ 121,451	\$ 9,374,831	\$ 3,412,664	\$ 340,188
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 10,738	\$ 121,451	\$ 59,869	\$ -	\$ 274,236
Salaries and wages payable	-	-	-	-	-
Due to other funds	209,644	-	-	-	-
Deferred revenue	5,158	-	-	-	-
Total liabilities	225,540	121,451	59,869	-	274,236
Fund Balances:					
Reserved for encumbrances	25,958	280,784	147,083	-	-
Reserved for debt service	-	-	-	-	-
Unreserved:					
Designated:					
Specific purposes	-	(280,784)	9,167,879	3,412,664	65,952
Capital projects	-	-	-	-	-
Undesignated	(25,958)	-	-	-	-
Total fund balances	-	-	9,314,962	3,412,664	65,952
Total liabilities and fund balances	\$ 225,540	\$ 121,451	\$ 9,374,831	\$ 3,412,664	\$ 340,188

Maintenance District	Total Non-major Special Revenue Funds	Debt Service Funds		Total Non-major Debt Service	Capital Project Funds		
		2003 & 2005 Fire General Obligation Bonds	Financing Authority		Transportation Development Act	Miscellaneous State Grants Capital	Interchange Construction
\$ 211,012	\$ 27,491,365	\$ 788,555	\$ -	\$ 788,555	\$ -	\$ -	\$ 7,682,914
-	33,245	-	2,884,864	2,884,864	-	-	-
-	3,208,779	-	-	-	101,327	10,031,075	-
-	1,180,457	-	-	-	-	-	-
-	1,039,988	-	-	-	-	-	-
-	1,101,070	-	-	-	-	-	-
<u>\$ 211,012</u>	<u>\$ 34,054,904</u>	<u>\$ 788,555</u>	<u>\$ 2,884,864</u>	<u>\$ 3,673,419</u>	<u>\$ 101,327</u>	<u>\$ 10,031,075</u>	<u>\$ 7,682,914</u>
\$ 9,381	\$ 1,481,414	\$ -	\$ -	\$ -	\$ -	\$ 1,887,648	\$ -
-	89,588	-	-	-	-	-	-
-	1,526,569	-	-	-	101,327	8,143,427	-
-	2,494,183	-	-	-	-	-	-
<u>9,381</u>	<u>5,591,754</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>101,327</u>	<u>10,031,075</u>	<u>-</u>
-	1,042,587	-	-	-	-	9,275,271	-
-	-	788,555	2,884,864	3,673,419	-	-	-
201,631	27,806,150	-	-	-	-	-	-
-	-	-	-	-	-	-	7,682,914
-	(385,587)	-	-	-	-	(9,275,271)	-
<u>201,631</u>	<u>28,463,150</u>	<u>788,555</u>	<u>2,884,864</u>	<u>3,673,419</u>	<u>-</u>	<u>-</u>	<u>7,682,914</u>
<u>\$ 211,012</u>	<u>\$ 34,054,904</u>	<u>\$ 788,555</u>	<u>\$ 2,884,864</u>	<u>\$ 3,673,419</u>	<u>\$ 101,327</u>	<u>\$ 10,031,075</u>	<u>\$ 7,682,914</u>

(Continued)

City of Fremont
Combining Balance Sheet
Non-Major Governmental Funds, Continued
June 30, 2008
(With comparative totals for June 30, 2007)

	Capital Project Funds				
	Vehicle Replacement	Capital Improvement	Capital Improvement - Outside Sources	Measure B	Intermodal Surface Transportation Efficiency Act
ASSETS					
Cash and investments held by City	\$ 4,507,785	\$ 26,474,848	\$ 3,116,891	\$ 6,705,343	\$ -
Restricted cash and investments held by fiscal agent	-	-	-	-	-
Receivables:					
Due from other governmental agencies	-	-	1,214,925	568,964	140,444
Housing rehabilitation loans, net	-	-	-	-	-
Accrued interest	-	-	-	-	-
Other	-	-	250,000	5,700	-
Total assets	\$ 4,507,785	\$ 26,474,848	\$ 4,581,816	\$ 7,280,007	\$ 140,444
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 170,809	\$ 158,640	\$ 622,835	\$ 1,310,948	\$ 961
Salaries and wages payable	-	-	-	-	-
Due to other funds	-	-	-	-	139,483
Deferred revenue	-	-	-	-	-
Total liabilities	170,809	158,640	622,835	1,310,948	140,444
Fund Balances:					
Reserved for encumbrances	866,248	4,893,848	4,247,815	7,568,586	562,660
Reserved for debt service	-	-	-	-	-
Unreserved:					
Designated:					
Specific purposes	-	-	-	-	-
Capital projects	3,470,728	21,422,360	-	-	-
Undesignated	-	-	(288,834)	(1,599,527)	(562,660)
Total fund balances	4,336,976	26,316,208	3,958,981	5,969,059	-
Total liabilities and fund balances	\$ 4,507,785	\$ 26,474,848	\$ 4,581,816	\$ 7,280,007	\$ 140,444

Traffic System Management	2003 & 2005 Fire General Obligation Bonds	Financing Authority	Total Non-major Capital Projects Funds	Total Non-major Governmental Funds	
				2008	2007
\$ -	\$ 6,617,456	\$ -	\$ 55,105,237	\$ 83,385,157	\$ 88,155,607
-	-	7	7	2,918,116	2,931,800
10,625	-	-	12,067,360	15,276,139	6,658,842
-	-	-	-	1,180,457	1,004,152
-	2,681	-	2,681	1,042,669	966,238
-	-	-	255,700	1,356,770	1,012,999
<u>\$ 10,625</u>	<u>\$ 6,620,137</u>	<u>\$ 7</u>	<u>\$ 67,430,985</u>	<u>\$ 105,159,308</u>	<u>\$ 100,729,638</u>
\$ -	\$ 895,305	\$ -	\$ 5,047,146	\$ 6,528,560	\$ 3,812,771
-	-	-	-	89,588	67,507
10,625	-	-	8,394,862	9,921,431	3,749,372
-	-	-	-	2,494,183	2,098,658
<u>10,625</u>	<u>895,305</u>	<u>-</u>	<u>13,442,008</u>	<u>19,033,762</u>	<u>9,728,308</u>
17,898	3,334,262	-	30,766,588	31,809,175	60,922,068
-	-	-	-	3,673,419	4,439,357
-	-	-	-	27,806,150	27,098,308
-	2,390,570	7	34,966,579	34,966,579	37,065,805
(17,898)	-	-	(11,744,190)	(12,129,777)	(38,524,208)
<u>-</u>	<u>5,724,832</u>	<u>7</u>	<u>53,988,977</u>	<u>86,125,546</u>	<u>91,001,330</u>
<u>\$ 10,625</u>	<u>\$ 6,620,137</u>	<u>\$ 7</u>	<u>\$ 67,430,985</u>	<u>\$ 105,159,308</u>	<u>\$ 100,729,638</u>

(Concluded)

City of Fremont

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds

For the year ended June 30, 2008

(With comparative totals for the year ended June 30, 2007)

	Special Revenue Funds				
	Community Development Block Grant	HOME Grant	HUD/HOPE Grant	HUD/SHP Grant	Multi-family Housing
REVENUES:					
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	23,401
Intergovernmental	1,840,669	288,510	-	286,570	-
Investment earnings	-	-	259	-	7,080
Other	29,733	-	-	-	-
Total revenues	1,870,402	288,510	259	286,570	30,481
EXPENDITURES:					
Current:					
Police services	-	-	-	-	-
Fire services	-	-	-	-	-
Human services	272,115	-	-	-	131,897
Capital assets maintenance and operations	-	-	-	-	-
Community development and environmental services	1,564,923	262,276	-	285,435	-
Capital outlay	17,421	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	1,854,459	262,276	-	285,435	131,897
REVENUES OVER (UNDER) EXPENDITURES	15,943	26,234	259	1,135	(101,416)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	(15,943)	(24,636)	-	(1,135)	(17,076)
Total other financing sources (uses)	(15,943)	(24,636)	-	(1,135)	(17,076)
Net change in fund balances	-	1,598	259	-	(118,492)
FUND BALANCES:					
Beginning of year	-	2,087	5,952	-	189,455
End of year	\$ -	\$ 3,685	\$ 6,211	\$ -	\$ 70,963

Special Revenue Funds							
Older Americans Grant	Tri-City Elders	Senior Services	Multipurpose Senior Services Program	Area Agency on Aging MSSP	Alameda County Senior Mobile Mental Health	Family Resource Center	Haas Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	810	202,296	-	-	-	792,096	-
42,379	-	-	251,379	138,065	331,033	181,151	-
-	5,015	-	-	-	-	231,302	421
-	22,210	360,467	-	1,569	-	64,652	-
42,379	28,035	562,763	251,379	139,634	331,033	1,269,201	421
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
42,379	38,627	848,067	251,379	129,258	316,093	727,210	10,000
-	-	-	-	-	-	59,971	-
-	-	-	-	-	-	-	-
-	-	-	-	3,999	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	52,005	-
42,379	38,627	848,067	251,379	133,257	316,093	839,186	10,000
-	(10,592)	(285,304)	-	6,377	14,940	430,015	(9,579)
-	-	278,800	-	-	-	613	-
-	-	(18,496)	-	(6,377)	(14,940)	(837,638)	-
-	-	260,304	-	(6,377)	(14,940)	(837,025)	-
-	(10,592)	(25,000)	-	-	-	(407,010)	(9,579)
-	115,810	27,287	-	3,564	-	4,673,642	13,163
\$ -	\$ 105,218	\$ 2,287	\$ -	\$ 3,564	\$ -	\$ 4,266,632	\$ 3,584

(Continued)

City of Fremont

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds, Continued

For the year ended June 30, 2008

(With comparative totals for the year ended June 30, 2007)

	Special Revenue Funds				
	Youth Service Center	Every Child Counts Grant	Alameda Behavioral Health Care	Measure B	Human Services Miscellaneous
REVENUES:					
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	540,356	-	7,209	-
Intergovernmental	484,115	60,684	163,771	824,898	129,229
Investment earnings	-	-	-	2,914	-
Other	-	-	-	-	19,030
Total revenues	<u>484,115</u>	<u>601,040</u>	<u>163,771</u>	<u>835,021</u>	<u>148,259</u>
EXPENDITURES:					
Current:					
Police services	-	-	-	-	-
Fire services	-	-	-	-	-
Human services	484,115	537,118	163,771	821,241	68,931
Capital assets maintenance and operations	-	-	-	-	-
Community development and environmental services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>484,115</u>	<u>537,118</u>	<u>163,771</u>	<u>821,241</u>	<u>68,931</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>63,922</u>	<u>-</u>	<u>13,780</u>	<u>79,328</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	(19,635)	-	(19,200)	-
Total other financing sources (uses)	<u>-</u>	<u>(19,635)</u>	<u>-</u>	<u>(19,200)</u>	<u>-</u>
Net change in fund balances	-	44,287	-	(5,420)	79,328
FUND BALANCES:					
Beginning of year	-	350,167	-	218,230	332,546
End of year	<u>\$ -</u>	<u>\$ 394,454</u>	<u>\$ -</u>	<u>\$ 212,810</u>	<u>\$ 411,874</u>

Special Revenue Funds							
Integrated Waste Management	Urban Runoff	Abandoned Vehicle	Narcotics Asset Seizure	COPS AB3229	Justice Assistance Grant	Metropolitan Medical Response System	Miscellaneous Federal Grants
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4,028,663	1,343,904	-	-	-	-	-	-
219,358	-	156,702	448,483	407,007	46,201	324,360	402,809
-	-	-	28,649	8,884	-	22,375	-
-	-	-	-	-	-	-	-
4,248,021	1,343,904	156,702	477,132	415,891	46,201	346,735	402,809
-	-	156,702	241,267	288,416	52,340	-	23,889
-	-	-	-	-	-	139,887	378,920
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,893,466	1,263,986	-	-	-	-	-	-
16,003	81,451	-	72,177	162,000	19,138	93,069	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,909,469	1,345,437	156,702	313,444	450,416	71,478	232,956	402,809
1,338,552	(1,533)	-	163,688	(34,525)	(25,277)	113,779	-
729	-	-	50,000	-	-	-	-
(2,457,388)	(139,121)	-	-	-	-	-	-
(2,456,659)	(139,121)	-	50,000	-	-	-	-
(1,118,107)	(140,654)	-	213,688	(34,525)	(25,277)	113,779	-
7,420,018	2,562,769	-	549,672	106,783	25,277	313,236	-
\$ 6,301,911	\$ 2,422,115	\$ -	\$ 763,360	\$ 72,258	\$ -	\$ 427,015	\$ -

(Continued)

City of Fremont

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds, Continued

For the year ended June 30, 2008

(With comparative totals for the year ended June 30, 2007)

	Special Revenue Funds				
	Miscellaneous State Support	Traffic Congestion AB2928	State Gas Tax	Prop 1B Local Streets & Roads	County Support for City Streets
REVENUES:					
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-
Intergovernmental	338,506	-	3,727,956	3,404,439	-
Investment earnings	-	102,030	444,580	8,225	17,406
Other	-	-	-	-	-
Total revenues	<u>338,506</u>	<u>102,030</u>	<u>4,172,536</u>	<u>3,412,664</u>	<u>17,406</u>
EXPENDITURES:					
Current:					
Police services	176,287	-	-	-	-
Fire services	-	-	-	-	-
Human services	150,219	-	-	-	-
Capital assets maintenance and operations	-	2,506,033	2,186,867	-	277,567
Community development and environmental services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>326,506</u>	<u>2,506,033</u>	<u>2,186,867</u>	<u>-</u>	<u>277,567</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>12,000</u>	<u>(2,404,003)</u>	<u>1,985,669</u>	<u>3,412,664</u>	<u>(260,161)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	(12,000)	-	(1,200,000)	-	-
Total other financing sources (uses)	<u>(12,000)</u>	<u>-</u>	<u>(1,200,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	(2,404,003)	785,669	3,412,664	(260,161)
FUND BALANCES:					
Beginning of year	-	2,404,003	8,529,293	-	326,113
End of year	<u>\$ -</u>	<u>-</u>	<u>\$ 9,314,962</u>	<u>\$ 3,412,664</u>	<u>\$ 65,952</u>

Maintenance District	Total Non-major Special Revenue Funds	Debt Service Funds		Total Non-major Debt Service Fund	Capital Projects		
		2003 & 2005 Fire General Obligation Bonds	Financing Authority		Transportation Development Act	Miscellaneous State Grants Capital	Interchange Construction
\$ -	\$ -	\$ 1,416,616	\$ -	\$ 1,416,616	\$ -	\$ -	\$ -
150,360	7,089,095	-	-	-	-	-	-
-	14,498,274	11,736	-	11,736	337,389	20,226,339	-
-	879,140	170,539	161,448	331,987	-	-	352,980
-	497,661	-	-	-	-	-	-
150,360	22,964,170	1,598,891	161,448	1,760,339	337,389	20,226,339	352,980
-	938,901	-	-	-	-	-	-
-	518,807	-	-	-	-	-	-
-	4,992,420	-	-	-	-	-	-
138,759	5,169,197	-	-	-	337,389	838,458	-
-	6,270,086	-	-	-	-	-	-
-	465,258	-	-	-	-	19,387,881	-
-	-	210,000	4,210,000	4,420,000	-	-	-
-	52,005	1,552,402	4,471,080	6,023,482	-	-	-
138,759	18,406,674	1,762,402	8,681,080	10,443,482	337,389	20,226,339	-
11,601	4,557,496	(163,511)	(8,519,632)	(8,683,143)	-	-	352,980
-	330,142	-	8,679,516	8,679,516	-	-	881,800
(6,938)	(4,790,523)	(602,385)	(159,926)	(762,311)	-	-	-
(6,938)	(4,460,381)	(602,385)	8,519,590	7,917,205	-	-	881,800
4,663	97,115	(765,896)	(42)	(765,938)	-	-	1,234,780
196,968	28,366,035	1,554,451	2,884,906	4,439,357	-	-	6,448,134
201,631	\$ 28,463,150	\$ 788,555	\$ 2,884,864	\$ 3,673,419	\$ -	\$ -	7,682,914

(Continued)

City of Fremont

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds, Continued

For the year ended June 30, 2008

(With comparative totals for the year ended June 30, 2007)

	Capital Projects				Intermodal
	Vehicle	Capital	Capital	Measure B	Surface
	Replacement	Improvement	Improvement		Transportation
			Outside Sources		Efficiency Act
REVENUES:					
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-
Intergovernmental	-	-	7,294,992	6,103,120	2,585,195
Investment earnings	207,328	1,516,260	-	319,670	-
Other	37,511	1,302,679	650,544	-	-
Total revenues	<u>244,839</u>	<u>2,818,939</u>	<u>7,945,536</u>	<u>6,422,790</u>	<u>2,585,195</u>
EXPENDITURES:					
Current:					
Police services	-	-	-	-	-
Fire services	-	-	-	-	-
Human services	-	-	-	-	-
Capital assets maintenance and operations	98,190	2,762,091	153,410	3,899,174	2,415,474
Community development and environmental services	-	-	-	-	-
Capital outlay	723,869	6,455,003	7,727,599	3,538,463	169,721
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>822,059</u>	<u>9,217,094</u>	<u>7,881,009</u>	<u>7,437,637</u>	<u>2,585,195</u>
REVENUES OVER (UNDER)					
EXPENDITURES	<u>(577,220)</u>	<u>(6,398,155)</u>	<u>64,527</u>	<u>(1,014,847)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	1,402,333	7,450,000	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>1,402,333</u>	<u>7,450,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	825,113	1,051,845	64,527	(1,014,847)	-
FUND BALANCES:					
Beginning of year	3,511,863	25,264,363	3,894,454	6,983,906	-
End of year	<u>4,336,976</u>	<u>\$ 26,316,208</u>	<u>3,958,981</u>	<u>\$ 5,969,059</u>	<u>\$ -</u>

Capital Projects			Total Non-major Capital Projects Funds	Total Non-major Governmental Funds	
Traffic System Management	2003 & 2005 Fire General Obligation Bonds	Financing Authority		2008	2007
\$ -	\$ -	\$ -		\$ 1,416,616	\$ 1,434,080
-	-	-		7,089,095	9,495,593
975,947	-	-	37,522,982	52,032,992	27,039,973
-	345,106	288	2,741,632	3,952,759	3,516,119
-	-	-	1,990,734	2,488,395	5,047,212
975,947	345,106	288	42,255,348	66,979,857	46,532,977
-	-	-	-	938,901	1,167,051
-	-	-	-	518,807	333,452
-	-	-	-	4,992,420	3,906,759
10,436	12,795	11,443	10,538,860	15,708,057	23,269,005
-	-	-	-	6,270,086	9,607,774
965,511	7,289,365	-	46,257,412	46,722,670	10,395,243
-	-	-	-	4,420,000	4,255,000
-	-	3,346	3,346	6,078,833	6,481,123
975,947	7,302,160	14,789	56,799,618	85,649,774	59,415,407
-	(6,957,054)	(14,501)	(14,544,270)	(18,669,917)	(12,882,430)
-	602,385	982	10,337,500	19,347,158	17,782,125
-	-	(191)	(191)	(5,553,025)	(6,485,962)
-	602,385	791	10,337,309	13,794,133	11,296,163
-	(6,354,669)	(13,710)	(4,206,961)	(4,875,784)	(1,586,267)
-	12,079,501	13,717	58,195,938	91,001,330	92,587,597
\$ -	\$ 5,724,832	\$ 7	\$ 53,988,977	\$ 86,125,546	\$ 91,001,330

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PROPRIETARY FUNDS

City of Fremont
Combining Statement of Net Assets
Proprietary Fund Type
June 30, 2008
(With comparative totals for June 30, 2007)

	Internal Service Funds				
	Risk Management	Information Technology	Other Post Employment Benefits	Totals	
				2008	2007
ASSETS					
Current assets:					
Cash and investments held by City	\$ 8,814,411	\$ 2,248,181	\$ 62,149	\$ 11,124,741	\$ 8,991,952
Other receivables	-	165,995	-	165,995	163,396
Total current assets	8,814,411	2,414,176	62,149	11,290,736	9,155,348
Noncurrent assets:					
Depreciable assets	-	8,392,376	-	8,392,376	8,155,820
Less accumulated depreciation	-	(5,538,888)	-	(5,538,888)	(5,122,753)
Land held for resale	2,821,430	-	-	2,821,430	2,821,430
Total noncurrent assets	2,821,430	2,853,488	-	5,674,918	5,854,497
Total assets	11,635,841	5,267,664	62,149	16,965,654	15,009,845
LIABILITIES					
Current liabilities:					
Accounts payable	122,768	138,912	-	261,680	186,099
Salaries and wages payable	41,537	78,123	-	119,660	97,146
Claims payable	3,920,000	-	-	3,920,000	3,629,000
Total current liabilities	4,084,305	217,035	-	4,301,340	3,912,245
Noncurrent liabilities:					
Claims payable	6,438,000	-	-	6,438,000	5,742,000
Net other post employment benefits liability	-	-	1,773,165	1,773,165	-
Total noncurrent liabilities	6,438,000	-	1,773,165	8,211,165	5,742,000
Total liabilities	10,522,305	217,035	1,773,165	12,512,505	9,654,245
NET ASSETS					
Invested in capital assets	-	2,853,488	-	2,853,488	3,033,067
Unrestricted	1,113,536	2,197,141	(1,711,016)	1,599,661	2,322,533
Total net assets	\$ 1,113,536	\$ 5,050,629	\$ (1,711,016)	\$ 4,453,149	\$ 5,355,600

City of Fremont

Combining Statement of Revenues, Expenses and Changes in Net Assets

Proprietary Fund Type

For the year ended June 30, 2008

(With comparative totals for the year ended June 30, 2007)

	Internal Service Funds				
	Risk Management	Information Technology	Other Post Employment Benefits	Totals	
				2008	2007
OPERATING REVENUES:					
Charges for services	\$ 6,573,925	\$ 5,540,308	\$ 1,673,381	\$ 13,787,614	\$ 11,723,892
Other	48,925	23,017	-	71,942	69,033
Total operating revenues	6,622,850	5,563,325	1,673,381	13,859,556	11,792,925
OPERATING EXPENSES:					
Salaries and wages	389,095	2,756,146	-	3,145,241	2,827,426
Insurance premiums	1,183,294	-	-	1,183,294	1,046,388
Provision for claim losses	4,907,375	-	-	4,907,375	4,911,365
Claims administration	253,710	-	-	253,710	296,222
Materials and supplies	47,991	1,319,318	-	1,367,309	1,295,507
Depreciation	-	483,982	-	483,982	628,977
Other postemployment benefits	-	-	3,387,000	3,387,000	-
Other	2,040	73,000	-	75,040	56,556
Total operating expenses	6,783,505	4,632,446	3,387,000	14,802,951	11,062,441
OPERATING INCOME (LOSS)	(160,655)	930,879	(1,713,619)	(943,395)	730,484
NONOPERATING REVENUES (EXPENSES):					
Investment income	390,720	76,908	2,603	470,231	353,926
Total nonoperating revenues (expenses)	390,720	76,908	2,603	470,231	353,926
Contributed capital assets	-	116,760	-	116,760	-
Transfers in	-	20,373	-	20,373	1,019,327
Transfers out	-	(566,420)	-	(566,420)	(555,636)
INCREASE (DECREASE) IN NET ASSETS	230,065	578,500	(1,711,016)	(902,451)	1,548,101
NET ASSETS:					
Beginning of year	883,471	4,472,129	-	5,355,600	3,807,499
End of year	\$ 1,113,536	\$ 5,050,629	\$ (1,711,016)	\$ 4,453,149	\$ 5,355,600

City of Fremont

Combining Statement of Cash Flows

Proprietary Fund Type

For the year ended June 30, 2008

(With comparative totals for the year ended June 30, 2007)

	Internal Service Funds				
			Other	Totals	
	Risk	Information	Post Employment		
	Management	Technology	Benefits	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from users	\$ 6,573,925	\$ 5,537,709	\$ 1,673,381	\$ 13,785,015	\$ 11,761,587
Other revenue	48,925	23,017	-	71,942	69,033
Less: Payments to suppliers	(1,719,273)	(1,321,594)	-	(3,040,867)	(2,642,117)
Payments for employees services	(385,380)	(2,737,347)	-	(3,122,727)	(2,805,025)
Payments for claims paid	(3,608,240)	-	-	(3,608,240)	(4,814,365)
Payments for other post employment benefits	-	-	(1,613,835)	(1,613,835)	-
Payments to others	(2,040)	(73,000)	-	(75,040)	(56,556)
Net cash provided (used) by operating activities	907,917	1,428,785	59,546	2,396,248	1,512,557
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest on cash and investments	390,720	76,908	2,603	470,231	353,926
Net cash provided by investing activities	390,720	76,908	2,603	470,231	353,926
CASH FLOWS FROM CAPITAL ACTIVITIES:					
Acquisition of capital assets	-	(187,643)	-	(187,643)	(145,033)
Net cash provided (used) by capital activities	-	(187,643)	-	(187,643)	(145,033)
CASH FLOWS FROM NON CAPITAL ACTIVITIES:					
Transfers in	-	20,373	-	20,373	1,019,327
Transfers out	-	(566,420)	-	(566,420)	(555,636)
Net cash provided (used) by noncapital activities	-	(546,047)	-	(546,047)	463,691
Net increase (decrease) in cash and cash investments	1,298,637	772,003	62,149	2,132,789	2,185,141
CASH AND INVESTMENTS:					
Beginning of year	7,515,774	1,476,178	-	8,991,952	6,806,811
End of year	\$ 8,814,411	\$ 2,248,181	\$ 62,149	\$ 11,124,741	\$ 8,991,952
RECONCILIATION OF OPERATING					
INCOME (LOSS) TO NET CASH PROVIDED					
(USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ (160,655)	\$ 930,879	\$ (1,713,619)	\$ (943,395)	\$ 730,484
Adjustments to reconcile operating income (loss)					
to net cash provided (used) by operating activities:					
Depreciation	-	483,982	-	483,982	628,977
Changes in assets and liabilities:					
Accounts receivable	-	(2,599)	-	(2,599)	37,695
Accounts payable	77,857	(2,276)	-	75,581	(4,000)
Salaries and wages payable	3,715	18,799	-	22,514	22,401
Claims payable	987,000	-	-	987,000	97,000
Other post employment benefits payable	-	-	1,773,165	1,773,165	-
Net cash provided (used) by operating activities	\$ 907,917	\$ 1,428,785	\$ 59,546	\$ 2,396,248	\$ 1,512,557

FIDUCIARY FUND FINANCIAL STATEMENTS

Agency Funds are used to account for assets held by the City on behalf of others as their agent. Agency funds are custodial in nature (i.e., assets equal liabilities) and do not involve measurement of results of operations. Specific agency funds are as follows:

Local Improvement Districts - Special assessment bonds were issued by local improvement districts under various public improvement acts of the State of California and are secured by liens against properties deemed to have been benefited by the improvements for which the bonds were issued. The City acts as an agent in collecting the assessments from the property owners, forwarding the collections to bondholders, and initiating foreclosure proceedings when necessary. This fund also accounts for the City of Fremont Community Facilities District No. 1. \$30 million Series 2001 bonds and \$38 million Series 2005 bonds which were issued to finance the public improvements at Pacific Commons. The 2001 and 2005 Series bonds each have a series of maturities of up to 30 years and have a weighted average fixed interest rate of 6.11% (Series 2001) and 5.33% (Series 2005).

Performance Bonds, Deposits and Confiscated Assets - This fund accounts for bonds and deposits received in conjunction with construction activity within the City, assets confiscated by the police and other deposits, held by the City in a fiduciary capacity.

Tri-City Waste Facility Financing Authority - This fund accounts for the revenue bonds issued by the cities of Fremont, Newark and Union City to pay for the cities' share of the future landfill closing costs of the Durham Road Landfill.

Southern Alameda County GIS - This fund accounts for monies collected from participating agencies for the administration of the program. The City of Fremont is the administrator of the Geographic Information System which serves the participating agencies. The program operates under a JPA that was approved by the City of Fremont, City of Union City, City of Newark, Union Sanitary District and Alameda County Water District.

City of Fremont
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008
(With comparative totals for June 30, 2007)

	Local Improvement Districts	Performance Bonds, Deposits and Confiscated Assets	Tri-City Waste Facility Financing Authority	Southern Alameda County GIS	Total	
					2008	2007
<u>All Agency Funds</u>						
Assets:						
Cash and investments held by City	\$ 15,713,766	\$ 1,045,680	\$ 359,729	\$ (8,897)	\$ 17,110,278	\$ 16,489,772
Restricted cash and investments held by City	2,080,370	-	-	-	2,080,370	2,050,031
Restricted cash and investments held by fiscal agent	10,958,021	1,391	764,847	-	11,724,259	18,737,237
Interest receivable	-	-	-	-	-	36,264
Accounts receivable	-	1,544,305	-	38,525	1,582,830	128,588
Other receivables	77,057	-	34,372	-	111,429	74,022
Total assets	\$ 28,829,214	\$ 2,591,376	\$ 1,158,948	\$ 29,628	\$ 32,609,166	\$ 37,515,914
Liabilities:						
Accounts payable	\$ 1,855	\$ 200,960	\$ -	\$ 15,413	\$ 218,228	\$ 132,107
Deposits	28,827,359	2,390,416	1,158,948	14,215	32,390,938	37,383,807
Total liabilities	\$ 28,829,214	\$ 2,591,376	\$ 1,158,948	\$ 29,628	\$ 32,609,166	\$ 37,515,914

City of Fremont
Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2008

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
<u>Local Improvement Districts</u>				
Assets:				
Cash and investments held by City	\$ 14,554,893	\$ 17,519,815	\$ (16,360,942)	\$ 15,713,766
Restricted cash and investments held by City	2,050,031	30,339	-	2,080,370
Restricted cash and investments held by fiscal agent	17,951,384	13,066,700	(20,060,063)	10,958,021
Interest receivable	36,264	981,727	(1,017,991)	-
Other receivables	36,382	7,162,435	(7,121,760)	77,057
Total assets	\$ 34,628,954	\$ 38,761,016	\$ (44,560,756)	\$ 28,829,214
Liabilities:				
Accounts payable	\$ 8,160	\$ 1,855	\$ (8,160)	\$ 1,855
Deposits	34,620,794	30,416,313	(36,209,748)	28,827,359
Total liabilities	\$ 34,628,954	\$ 30,418,168	\$ (36,217,908)	\$ 28,829,214
<u>Performance Bonds, Deposits and Confiscated Assets</u>				
Assets:				
Cash and investments held by City	\$ 1,547,010	\$ 4,462,128	\$ (4,963,458)	\$ 1,045,680
Restricted cash and investments held by fiscal agent	20,541	136	(19,286)	1,391
Accounts receivable	119,547	3,871,122	(2,446,364)	1,544,305
Total assets	\$ 1,687,098	\$ 8,333,386	\$ (7,429,108)	\$ 2,591,376
Liabilities:				
Accounts payable	\$ 123,947	\$ 4,742,850	\$ (4,665,837)	\$ 200,960
Deposits	1,563,151	6,517,170	(5,689,905)	2,390,416
Total liabilities	\$ 1,687,098	\$ 11,260,020	\$ (10,355,742)	\$ 2,591,376
<u>Tri-City Waste Facility Financing Authority</u>				
Assets:				
Cash and investments held by City	\$ 380,724	\$ 667,673	\$ (688,668)	\$ 359,729
Restricted cash and investments held by fiscal agent	765,312	766,857	(767,322)	764,847
Other receivables	37,640	36,487	(39,755)	34,372
Total assets	\$ 1,183,676	\$ 1,471,017	\$ (1,495,745)	\$ 1,158,948
Liabilities:				
Deposits	\$ 1,183,676	\$ 1,475,249	\$ (1,499,977)	\$ 1,158,948
Total liabilities	\$ 1,183,676	\$ 1,475,249	\$ (1,499,977)	\$ 1,158,948

(Continued)

City of Fremont
Statement of Changes in Assets and Liabilities
Agency Funds, Continued
For the year ended June 30, 2008

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
<u>Southern Alameda County GIS</u>				
Assets:				
Cash and investments held by City	\$ 7,145	\$ 34,607	\$ (50,649)	\$ (8,897)
Accounts receivable	9,041	38,525	(9,041)	38,525
Total assets	\$ 16,186	\$ 73,132	\$ (59,690)	\$ 29,628
Liabilities:				
Accounts payable	\$ -	\$ 24,292	\$ (8,879)	\$ 15,413
Deposits	16,186	-	(1,971)	14,215
Total liabilities	\$ 16,186	\$ 24,292	\$ (10,850)	\$ 29,628
 <u>Total Agency Funds</u>				
Assets:				
Cash and investments held by City	\$ 16,489,772	\$ 22,684,223	\$ (22,063,717)	\$ 17,110,278
Restricted cash and investments held by City	2,050,031	30,339	-	2,080,370
Restricted cash and investments held by fiscal agent	18,737,237	13,833,693	(20,846,671)	11,724,259
Interest receivable	36,264	981,727	(1,017,991)	-
Accounts receivables	128,588	3,909,647	(2,455,405)	1,582,830
Other receivables	74,022	7,198,922	(7,161,515)	111,429
Total assets	\$ 37,515,914	\$ 48,638,551	\$ (53,545,299)	\$ 32,609,166
Liabilities:				
Accounts payable	\$ 132,107	\$ 4,768,997	\$ (4,682,876)	\$ 218,228
Deposits	37,383,807	38,408,732	(43,401,601)	32,390,938
Total liabilities	\$ 37,515,914	\$ 43,177,729	\$ (48,084,477)	\$ 32,609,166

(Concluded)

Statistical Section

This part of the City of Fremont's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosure, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	126
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	130
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property tax.	
Debt Capacity	135
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	139
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	
Operating Information	142
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in fiscal year 2001/02; schedules presenting government-wide information include information beginning in that year.

City of Fremont
Net Assets by Component
June 30, 2008
Last Seven Fiscal Years
accrual basis of accounting
(Unaudited)

Schedule 1

	FISCAL YEAR						
	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008
Governmental activities							
Invested in capital assets, net of related debt	\$482,153,019	\$463,205,250	\$476,711,460	\$477,491,078	\$492,609,091	\$507,801,920	\$597,016,241
Restricted	208,272,548	233,206,982	223,279,148	233,465,777	232,686,345	253,733,287	262,457,732
Unrestricted	43,912,124	44,760,194	47,710,005	50,687,189	52,601,260	51,665,700	43,467,426
Total primary government net assets	<u>\$734,337,691</u>	<u>\$741,172,426</u>	<u>\$747,700,613</u>	<u>\$761,644,044</u>	<u>\$777,896,696</u>	<u>\$813,200,907</u>	<u>\$902,941,399</u>

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2001/2002.

City of Fremont
Changes in Net Assets
June 30, 2008
Last Seven Fiscal Years
accrual basis of accounting
(Unaudited)

Schedule 2

Expenses	FISCAL YEAR						
	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008
Governmental activities:							
General government	\$ 12,660,953	\$ 12,465,583	\$ 10,497,335	\$ 10,927,465	\$ 11,504,343	\$ 13,008,021	\$ 13,070,910
Police services	40,344,058	38,441,241	40,613,307	45,097,014	46,923,899	50,900,709	54,340,131
Fire services	24,359,513	24,182,471	23,593,554	26,157,733	27,439,461	28,586,741	31,949,301
Human services	4,843,775	5,782,214	5,532,651	6,006,485	6,622,615	7,023,486	8,570,232
Capital assets maintenance and operations	47,004,298	39,335,850	35,292,159	33,952,582	34,033,545	51,922,938	45,347,610
Recreation and leisure services	6,105,478	5,381,940	5,305,249	4,906,353	5,292,877	5,746,712	6,248,438
Community development and environmental services	33,663,302	36,131,872	39,092,599	44,331,019	46,315,194	35,676,597	39,566,083
Interest on debt	5,988,587	7,457,832	7,754,841	6,939,093	8,749,040	9,046,177	9,884,311
Total primary government expenses	\$ 174,969,964	\$ 169,179,003	\$ 167,681,695	\$ 178,317,744	\$ 186,880,974	\$ 201,911,381	\$ 208,977,016
Program Revenues							
Governmental activities							
Charges for services:							
General government	\$ 740,221	\$ 586,848	\$ 497,857	\$ 711,360	\$ 554,714	\$ 365,018	\$ 1,489,409
Police services	4,145,055	4,300,814	4,565,692	4,227,141	4,451,080	5,151,589	4,863,088
Fire services	1,907,064	2,397,907	2,451,767	2,450,562	2,653,190	2,633,354	2,707,187
Human services	945,544	1,259,156	1,316,513	1,292,815	1,646,046	1,938,551	1,775,799
Capital assets maintenance and operations	153,286	1,448,120	1,573,602	1,562,861	1,664,257	1,727,489	1,731,401
Recreation and leisure services	2,977,495	3,306,746	3,491,286	3,474,316	3,473,820	3,844,673	4,028,541
Community development and environmental services	9,545,939	8,261,723	10,871,809	14,626,076	14,870,735	18,364,336	16,404,617
Operating grants and contributions	14,283,788	18,997,590	20,515,161	13,701,055	15,673,580	28,035,029	25,380,774
Capital grants and contributions	6,741,433	5,399,792	741,323	491,304	649,463	231,404	31,205,534
Total primary government program revenues	\$ 41,439,825	\$ 45,958,696	\$ 46,025,010	\$ 42,537,490	\$ 45,636,885	\$ 62,291,443	\$ 89,586,350
Net (Expense)/Revenue							
Total primary government net expense	\$(133,530,139)	\$(123,220,307)	\$(121,656,685)	\$(135,780,254)	\$(141,244,089)	\$(139,619,938)	\$(119,390,666)
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Taxes							
Property tax	\$ 58,561,392	\$ 60,805,988	\$ 63,856,070	\$ 62,247,469	\$ 83,462,380	\$ 90,038,824	\$ 98,144,859
Sales tax	29,195,816	28,202,974	26,796,489	30,619,014	32,276,785	34,190,785	35,583,842
Motor vehicle in lieu	3,759,737	4,009,909	3,813,050	4,623,173	2,041,387	1,220,418	938,566
Revenue loss mitigation	7,808,687	8,004,274	5,728,458	11,157,253	-	-	-
Business taxes	5,655,770	5,599,379	5,323,827	6,092,081	6,771,199	6,738,310	7,508,481
Transient occupancy tax	2,175,301	1,798,758	1,830,630	2,017,603	2,342,279	2,885,388	3,181,302
Property transfer tax	986,644	1,096,842	1,549,781	1,784,668	1,948,201	1,504,708	1,092,279
Development impact fees	2,916,140	2,687,489	6,987,670	8,867,917	5,527,178	10,845,865	11,012,026
Franchise fees	7,466,757	6,872,912	7,003,922	7,383,149	7,666,471	7,902,406	7,953,642
Investment earnings	13,082,943	10,184,761	3,438,906	7,304,154	9,049,458	13,758,948	17,425,422
Miscellaneous	3,043,089	791,756	1,856,069	2,461,066	6,411,403	5,838,497	3,402,237
Total primary government general revenues and other changes in net assets	\$ 134,652,276	\$ 130,055,042	\$ 128,184,872	\$ 144,557,547	\$ 157,496,741	\$ 174,924,149	\$ 186,242,656
Change in Net Assets							
Total primary government change in net assets	\$ 1,122,137	\$ 6,834,735	\$ 6,528,187	\$ 13,943,431	\$ 16,252,652	\$ 35,304,211	\$ 66,851,990

Note: The City began to report accrual information when it implemented GASB34 in fiscal year 2001/02.

City of Fremont
Fund Balances, Governmental Funds
June 30, 2008
Last Seven Fiscal Years
modified accrual basis of accounting
(Unaudited)

Schedule 3

	FISCAL YEAR						
	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008
General Fund							
Reserved	\$ 565,560	\$ 451,196	\$ 563,369	\$ 379,089	\$ 629,338	\$ 450,170	\$ 202,890
Unreserved	35,980,749	33,608,581	36,385,524	36,363,031	39,404,749	41,683,524	35,524,862
Total general fund	<u>\$ 36,546,309</u>	<u>\$ 34,059,777</u>	<u>\$ 36,948,893</u>	<u>\$ 36,742,120</u>	<u>\$ 40,034,087</u>	<u>\$ 42,133,694</u>	<u>\$ 35,727,752</u>
All Other Governmental Funds							
Reserved	\$ 77,492,865	\$ 64,722,787	\$ 83,957,254	\$ 96,343,792	\$ 85,903,878	\$ 126,727,937	\$ 71,138,649
Unreserved, designated for:							
Special revenue funds	28,909,816	79,750,606	69,459,148	55,773,577	55,335,438	52,682,836	55,781,769
Capital projects fund	122,189,350	137,990,369	85,662,254	95,326,847	106,135,519	119,785,296	153,637,169
Unreserved, undesignated for:							
Special revenue funds	(2,577,166)	(6,036,223)	-	-	(516,943)	(709,919)	(528,661)
Capital projects fund	-	(22,304,154)	-	-	(231,742)	(37,814,289)	(11,744,190)
Total all other governmental funds	<u>\$ 226,014,865</u>	<u>\$ 254,123,385</u>	<u>\$ 239,078,656</u>	<u>\$ 247,444,216</u>	<u>\$ 246,626,150</u>	<u>\$ 260,671,861</u>	<u>\$ 268,284,736</u>

Note: The City of Fremont has elected to show only seven years of data for this schedule.

City of Fremont
Changes in Fund Balances, Governmental Funds
June 30, 2008
Last Seven Fiscal Years
modified accrual basis of accounting
(Unaudited)

Schedule 4

Revenues	FISCAL YEAR						
	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008
Taxes:							
Property tax	\$ 58,062,912	\$ 60,328,147	\$ 63,385,957	\$ 61,790,662	\$ 83,008,738	\$ 89,560,729	\$ 98,144,859
Sales tax	29,195,816	28,202,974	26,796,489	30,619,014	32,276,785	34,190,785	35,583,842
Motor vehicle in lieu	3,759,737	4,009,909	3,813,050	4,623,173	2,041,387	1,220,418	938,566
Revenue loss mitigation	7,808,686	8,004,274	5,728,458	11,157,253	-	-	-
Business taxes	5,655,770	5,599,379	5,323,827	6,092,081	6,771,199	6,738,310	7,508,481
Transient occupancy tax	3,161,945	2,895,600	3,380,411	2,017,604	1,948,201	2,885,388	3,181,302
Property transfer tax	-	-	-	1,784,668	2,342,279	1,504,708	1,092,279
Total taxes	107,644,866	109,040,283	108,428,192	118,084,455	128,388,589	136,100,338	146,449,329
Development impact fees	2,916,140	2,687,489	6,987,670	8,867,917	5,527,178	10,845,865	11,012,026
Franchise fees	7,466,757	6,872,912	7,003,922	7,546,775	7,666,471	7,902,406	7,953,642
Charges for services	19,856,637	21,320,438	24,768,526	27,389,159	30,054,401	31,755,677	31,599,774
Investment earnings	13,739,916	10,045,155	3,403,310	7,229,477	8,888,252	13,405,022	16,955,191
Intergovernmental	14,485,284	19,716,307	20,985,273	14,157,861	16,127,222	28,513,124	52,363,648
Other revenues	3,178,134	730,203	1,779,007	2,394,707	6,350,404	5,769,464	3,980,839
Total revenues	\$ 169,287,734	\$ 170,412,787	\$ 173,355,900	\$ 185,670,351	\$ 203,002,517	\$ 234,291,896	\$ 270,314,449
Expenditures							
General government	\$ 11,981,513	\$ 12,019,481	\$ 10,270,078	\$ 10,757,407	\$ 11,012,979	\$ 12,094,439	\$ 12,628,762
Police services	39,321,246	37,011,189	37,935,944	43,805,707	46,191,569	50,065,794	52,837,739
Fire services	23,651,021	22,298,745	23,050,940	25,203,843	26,501,821	27,630,794	30,364,662
Human services	4,752,837	5,685,116	5,480,620	5,947,640	6,560,721	6,995,637	8,565,647
Capital assets maintenance and operations	38,223,904	34,452,491	31,838,420	29,115,843	27,361,954	48,265,999	42,341,852
Recreation and leisure services	5,441,694	5,324,337	5,201,139	4,825,523	5,233,963	5,588,467	6,188,443
Community development and environmental services	26,440,166	29,300,150	29,818,864	34,329,281	35,811,739	26,563,329	29,316,813
Intergovernmental	7,405,599	6,371,857	8,940,670	9,761,863	10,187,704	8,550,372	10,170,059
Capital outlay	16,999,390	29,113,450	32,971,268	23,315,029	13,254,734	13,142,337	57,959,324
Debt service:							
Principal	4,835,000	5,385,000	6,455,000	6,730,000	9,675,000	9,975,000	10,300,000
Interest and fiscal charges	6,403,944	7,541,598	8,176,015	7,360,443	8,705,701	8,810,719	8,186,907
Total expenditures	\$ 185,456,314	\$ 194,503,414	\$ 200,138,958	\$ 201,152,579	\$ 200,497,885	\$ 217,682,887	\$ 268,860,208
Excess of revenues over (under) expenditures	\$ (16,168,580)	\$ (24,090,627)	\$ (26,783,058)	\$ (15,482,228)	\$ 2,504,632	\$ 16,609,009	\$ 1,454,241
Other Financing Sources (Uses)							
Debt issuance	\$ 10,055,000	\$ 54,865,000	\$ 73,355,000	\$ 25,000,000	\$ -	\$ -	\$ -
Premium on debt issue	-	-	-	362,917	-	-	-
Transfers in	75,925,569	103,043,213	39,401,737	47,194,926	45,655,624	74,488,066	124,375,710
Transfer out	(75,417,639)	(102,510,598)	(38,984,292)	(48,916,828)	(45,686,355)	(74,951,757)	(123,829,663)
Payment to escrow agent	-	(5,685,000)	(59,145,000)	-	-	-	-
Total other financing sources (uses)	\$ 10,562,930	\$ 49,712,615	\$ 14,627,445	\$ 23,641,015	\$ (30,731)	\$ (463,691)	\$ 546,047
Net change in fund balances	\$ (5,605,650)	\$ 25,621,988	\$ (12,155,613)	\$ 8,158,787	\$ 2,473,901	\$ 16,145,318	\$ 2,000,288
Debt service as a percentage of noncapital expenditures	6.7%	7.8%	8.8%	7.9%	9.8%	9.2%	8.8%

Note: The City of Fremont has elected to show only seven years of data for this schedule.

City of Fremont

Schedule 5

Assessed Value and Actual Value of Taxable Property

June 30, 2008

Last Ten Fiscal Years

in thousands of dollars

(Unaudited)

Fiscal Year	City				Redevelopment Agency				City Direct Rate
	Secured	Unsecured	Less Exemptions	Taxable Assessed Value	Secured	Unsecured	Less Exemptions	Taxable Assessed Value	
1999	\$ 15,989,772	\$ 2,157,743	\$ (408,131)	\$ 17,739,384	\$ 1,357,954	\$ 554,922	\$ (2,518)	\$ 1,910,358	0.0000%
2000	17,686,129	2,052,662	(547,636)	19,191,155	1,665,874	536,123	(27,385)	2,174,612	0.0000%
2001	19,269,210	2,033,059	(563,447)	20,738,822	1,809,341	532,405	(28,157)	2,313,589	0.0000%
2002	21,033,633	2,454,831	(588,039)	22,900,425	2,010,196	674,041	(28,393)	2,655,844	0.0000%
2003	22,308,180	2,329,805	(598,741)	24,039,244	2,143,722	687,466	(28,560)	2,802,628	0.0000%
2004	23,587,791	2,201,334	(603,544)	25,185,581	2,210,212	624,610	(31,379)	2,803,443	0.2900%
2005	24,901,891	1,893,085	(635,980)	26,158,996	2,284,805	536,002	(31,738)	2,789,069	0.2300%
2006	26,823,571	2,026,153	(668,294)	28,181,430	2,435,293	539,647	(32,744)	2,942,196	0.7900%
2007	28,907,217	2,036,828	(715,350)	30,228,695	2,558,821	521,918	(22,139)	3,058,600	0.4400%
2008	30,946,443	2,063,841	(732,041)	32,278,243	2,867,485	551,742	(27,949)	3,391,278	0.4200%

Note: In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of \$1 based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" limited to a maximum increase of 2%. With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Source: County of Alameda

City of Fremont
Direct and Overlapping Property Tax Rates
June 30, 2008
Last Ten Fiscal Years
accrual basis of accounting
(Unaudited)

Schedule 6

Fiscal Year	City Direct Rate	Overlapping Rates			Total Direct Rate
	General Obligation Debt Service	County	School District	Special Districts	
1999	-	1.0000	0.0275	0.0322	1.0597
2000	-	1.0000	0.0256	0.0127	1.0383
2001	-	1.0000	0.0256	0.0127	1.0383
2002	-	1.0000	0.0234	0.0136	1.0370
2003	-	1.0000	0.0572	0.0121	1.0693
2004	0.0029	1.0000	0.0742	0.0106	1.0877
2005	0.0023	1.0000	0.0761	0.0092	1.0876
2006	0.0079	1.0000	0.0626	0.0154	1.0859
2007	0.0044	1.0000	0.0520	0.0246	1.0810
2008	0.0042	1.0000	0.0610	0.0402	1.1054

NOTE: In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within.

Source: Alameda County Auditor-Controller

City of Fremont
Principal Property Tax Payers
June 30, 2008
Last Ten Calendar Years
in thousands of dollars
(Unaudited)

Taxpayer	2008			2007			2006			2005			2004		
			% of			% of			% of			% of			% of
			Total City			Total City			Total City			Total City			Total City
	Total Assessed	Rank	Taxable Assessed	Total Assessed	Rank	Taxable Assessed	Total Assessed	Rank	Taxable Assessed	Total Assessed	Rank	Taxable Assessed	Total Assessed	Rank	Taxable Assessed
	Value		Value	Value		Value	Value		Value	Value		Value	Value		Value
New United Motors Manufacturing, Inc.	\$ 969,230	1	3.00%	\$ 985,625	1	3.26%	\$ 996,671	1	3.54%	\$ 932,230	1	3.48%	\$ 987,384	1	4.25%
Catellus Development Corporation	505,979	2	1.57%	328,432	2	1.09%	339,786	2	1.21%	256,364	2	0.96%	247,154	2	1.06%
SCI LP I	205,690	3	0.64%	201,358	3	0.67%	196,944	3	0.70%	134,102	7	0.50%	131,404	7	0.57%
John Arrilago & Richard Peery	186,815	4	0.58%	161,226	5	0.53%	158,065	6	0.56%	154,966	5	0.58%	145,644	5	0.63%
Ardenwood Corporate Park Associates	167,581	5	0.52%	164,296	4	0.54%	166,115	4	0.59%	162,858	4	0.61%	147,266	4	0.63%
Jer Bayside LLD	74,726	6	0.23%	112,126	7	0.37%	110,612	7	0.39%	99,979	8	0.37%	93,964	9	0.41%
Jer BTP II LLC	72,486	7	0.22%	-	-	-	-	-	-	-	-	-	-	-	-
Selco Service Corporation	71,400	8	0.22%	70,001	8	0.23%	68,628	8	0.24%	94,335	9	0.35%	-	-	-
Legacy Partners I Fremont LLC	61,200	9	0.19%	-	-	-	-	-	-	-	-	-	-	-	-
Northern California Industrial Portfolio	59,979	10	0.19%	-	-	-	-	-	-	-	-	-	-	-	-
CalWest Industrial Properties LLC	-	-	-	160,137	6	0.53%	165,653	5	0.59%	163,346	3	0.61%	159,362	3	0.69%
RREEF America Reit II Corporation	-	-	-	58,803	9	0.19%	57,650	10	0.20%	-	-	-	-	-	-
Riggs & Company	-	-	-	51,640	10	0.17%	-	-	-	-	-	-	-	-	-
Renco Equities IV	-	-	-	-	-	-	61,875	9	0.22%	-	-	-	-	-	-
BRE Properties, Inc.	-	-	-	-	-	-	-	-	-	146,132	6	0.55%	137,636	6	0.59%
ERP Operating LP	-	-	-	-	-	-	-	-	-	75,636	10	0.28%	74,303	10	0.32%
SSR Western Multifamily LLC	-	-	-	-	-	-	-	-	-	-	-	-	94,177	8	0.32%
ProLogis Limited Partnership	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
AMB Property Limited Partnership	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Znag International Inc.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
BRA Properties Inc.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Walton Fremont Investors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HMT Technology Corporation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TABC Inc.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Read Rite Corporation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Kaiser Foundation Health Plan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
LAM Research Corporation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Toyota Motor Sales USA Inc.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Founders Title Company	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	\$2,375,086		7.36%	\$2,293,644		7.58%	\$2,321,999		8.24%	\$2,219,948		8.29%	\$2,218,294		9.47%

Source: Alameda County Assessor's Office

Schedule 7

2003			2002			2001			2000			1999		
		% of			% of			% of			% of			% of
Total		Total City	Total		Total City	Total		Total City	Total		Total City	Total		Total City
Assessed		Taxable	Assessed		Taxable	Assessed		Taxable	Assessed		Taxable	Assessed		Taxable
Value	Rank	Assessed	Value	Rank	Assessed	Value	Rank	Assessed	Value	Rank	Assessed	Value	Rank	Assessed
\$ 872,067	1	3.54%	\$ 937,590	1	3.99%	\$ 971,634	1	5.12%	\$ 880,155	1	4.46%	\$ 797,872	1	4.41%
245,639	2	1.00%	215,607	3	0.92%	187,309	2	0.99%	121,936	7	0.62%	149,418	6	0.83%
-	-	-	181,851	4	0.77%	123,562	4	0.65%	173,481	5	0.88%	118,111	7	0.65%
140,830	4	0.57%	113,287	7	0.48%	91,653	7	0.48%	-	-	-	-	-	-
108,987	7	0.44%	-	-	-	86,059	8	0.45%	-	-	-	-	-	-
100,438	8	0.41%	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
165,328	3	0.67%	165,284	5	0.71%	93,126	6	0.49%	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	95,182	8	0.41%	94,195	5	0.50%	156,783	6	0.79%	92,722	9	0.51%
131,524	5	0.53%	-	-	-	-	-	-	-	-	-	-	-	-
75,189	10	0.31%	-	-	-	71,487	10	0.38%	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
131,340	6	0.53%	-	-	-	-	-	-	-	-	-	-	-	-
98,444	9	0.40%	66,284	9	0.28%	76,415	9	0.40%	96,795	10	0.49%	-	-	-
-	-	-	289,836	2	1.23%	-	-	-	-	-	-	-	-	-
-	-	-	125,392	6	0.53%	-	-	-	-	-	-	-	-	-
-	-	-	59,423	10	0.25%	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	157,137	3	0.83%	234,289	3	1.19%	226,286	3	1.25%
-	-	-	-	-	-	-	-	-	248,937	2	1.26%	-	-	-
-	-	-	-	-	-	-	-	-	178,581	4	0.90%	151,080	5	0.84%
-	-	-	-	-	-	-	-	-	113,228	8	0.49%	111,403	8	0.62%
-	-	-	-	-	-	-	-	-	97,257	9	0.49%	155,764	4	0.86%
-	-	-	-	-	-	-	-	-	-	-	-	246,190	2	1.36%
-	-	-	-	-	-	-	-	-	-	-	-	77,705	10	0.43%
\$ 2,069,786		8.40%	\$ 2,249,736		9.57%	\$ 1,952,577		10.29%	\$ 2,301,442		11.57%	\$ 2,126,551		11.76%

City of Fremont

Schedule 8

Property Tax Levies and Collections

June 30, 2008

Last Ten Fiscal Years

(Unaudited)

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year ¹		Collected within the		Delinquent Tax Collections ²	Total Collections to Date				
			Fiscal Year of the Levy			Percentage				
	Amount ¹	Percentage of Levy	Amount ¹	Percentage of Levy	Amount ¹	Percentage of Levy				
1999	\$	25,200,446	\$	24,783,031	98.34%	\$	847,888	\$	25,630,919	101.71%
2000		24,419,920		24,419,920	100.00%		3,521,224		27,941,144	114.42%
2001		26,525,016		28,663,957	108.06%		603,092		29,267,049	110.34%
2002		31,962,996		30,260,493	94.67%		732,220		30,992,713	96.96%
2003		30,888,453		31,222,911	101.08%		1,077,711		32,300,652	104.57%
2004		34,570,844		33,488,552	96.87%		2,436,537		35,925,089	103.92%
2005		33,849,967		31,843,722	94.07%		2,763,862		34,607,584	102.24%
2006		37,397,322		33,800,465	90.38%		4,694,097		38,494,562	102.93%
2007		42,070,561		38,418,787	91.32%		4,314,037		42,732,824	101.57%
2008		44,399,789		41,098,408	92.56%		4,038,449		45,136,857	101.66%

¹ Sources: City of Fremont Finance Department, Treasury Division, and Alameda County Auditor - Controller

² Includes interest and penalty remittances

City of Fremont
Ratios of Outstanding Debt by Type
June 30, 2008
Last Ten Fiscal Years
dollars in thousands, except per capita
(Unaudited)

Schedule 9

Fiscal Year Ended June 30,	Governmental Activities				Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Redevelopment Bonds	Certificates of Participation	Total Primary Government		
1999	\$ -	\$ 4,735	\$ 77,500	\$ 82,235	0.46%	403.90
2000	-	-	74,440	74,440	0.39%	357.88
2001	-	50,000	107,085	157,085	0.76%	758.25
2002	-	47,445	115,110	162,555	0.71%	779.27
2003	-	62,690	143,660	206,350	0.86%	987.33
2004	10,000	62,505	141,600	214,105	0.85%	1,024.03
2005	34,820	58,930	138,625	232,375	0.89%	1,109.61
2006	34,630	53,365	134,705	222,700	0.79%	1,059.68
2007	34,430	47,645	130,650	212,725	0.70%	1,005.02
2008	34,220	41,765	126,440	202,425	0.63%	948.07

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

^a See schedule 5 for property value data.

^b Population data can be found in Schedule 13.

City of Fremont
Ratios of General Bonded Debt Outstanding
June 30, 2008
Last Ten Fiscal Years
dollars in thousands, except per capita
(Unaudited)

Schedule 10

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Redevelopment Bonds	Total		
1999	\$ -	\$ 4,735	\$ 4,735	0.02%	23.26
2000	-	-	-	0.00%	-
2001	-	50,000	50,000	0.22%	241.35
2002	-	47,445	47,445	0.19%	227.44
2003	-	62,690	62,690	0.23%	299.96
2004	10,000	62,505	72,505	0.26%	346.78
2005	34,820	58,930	93,750	0.32%	447.66
2006	34,630	53,365	87,995	0.28%	418.71
2007	34,430	47,645	82,075	0.25%	387.76
2008	34,220	41,765	75,985	0.21%	355.88

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

^a See schedule 5 for property value data.

^b Population data can be found in Schedule 13.

City of Fremont
Direct and Overlapping Governmental Activities Debt
June 30, 2008
(Unaudited)

Schedule 11

	Total Debt 6/30/08	Percentage Applicable (1)	City's Share of Debt 6/30/08
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Bay Area Rapid Transit District	\$ 467,320,000	6.867%	\$ 32,090,864
Chabot-Las Positas Community College District	476,514,226	0.006%	28,591
Ohlone Community College District	134,405,000	81.579%	109,646,255
Fremont Unified School District	204,579,939	100.000%	204,579,939
Sunol Glen Unified School District	1,569,789	0.290%	4,552
City of Fremont	34,220,000	100.000%	34,220,000
City of Fremont Community Facilities District No. 1	67,685,000	100.000%	67,685,000
City of Fremont 1915 Act Bonds	27,715,000	100.000%	27,715,000
Washington Township Healthcare District	59,350,000	69.559%	41,283,267
East Bay Regional Park District	149,445,000	9.977%	14,910,128
			<u>532,163,596</u>
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Alameda County General Fund Obligations	\$ 459,688,000	17.385%	\$ 79,916,759
Alameda County Pension Obligations	228,520,122	17.385%	39,728,223
Alameda County Board of Education Public Facilities Corporation	250,000	17.385%	43,463
Alameda-Contra Costa Transit District Certificates of Participation	13,500,000	20.878%	2,818,530
Chabot-Las Positas Community College District Certificates of Participation	4,990,000	0.006%	299
Fremont Unified School District Certificates of Participation	21,190,000	100.000%	21,190,000
City of Fremont Certificates of Participation	126,440,000	100.000%	126,440,000
			<u>270,137,274</u>
COMBINED TOTAL DEBT			\$ 802,300,870 (2)

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the city.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Schedule 12

Note: The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation date for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

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City of Fremont
Demographic and Economic Statistics
June 30, 2008
Last Ten Calendar Years
(Unaudited)

Schedule 13

Year	Population	Alameda County Median Income *	Per Capita Personal Income	Median Age	Mean Household Income **	Unemploy- ment Rate ***	Level of Educational Attainment of People 25 years & Older			Distribution of Jobs by Major Employment Sectors			
							College/ Associate Degree	High School Graduate	Less than High School Degree	Manufact./ Wholesale	Retail	Service	Other
1999	203,600	\$34,131	N/A	31.9	\$ 81,400	3.5%	35%	49%	16%	32%	18%	28%	22%
2000	208,000	38,624	N/A	31.9	81,400	3.6%	35%	49%	16%	32%	18%	28%	22%
2001	207,169	38,582	N/A	35	86,189	4.8%	39%	48%	13%	32%	16%	31%	21%
2002	208,600	38,044	N/A	35	86,189	4.8%	39%	48%	13%	32%	16%	31%	21%
2003	208,998	38,411	N/A	35	103,100	4.9%	39%	48%	13%	33%	15%	32%	20%
2004	209,080	39,779	N/A	35	104,600	4.2%	51%	37%	12%	32%	15%	32%	21%
2005	209,421	40,613	N/A	35	104,600	3.6%	51%	37%	12%	32%	15%	32%	21%
2006	210,158	42,360	N/A	35	100,500	3.1%	51%	37%	12%	41%	10%	39%	10%
2007	211,662	N/A	N/A	35	122,388	3.4%	51%	37%	12%	40%	10%	40%	10%
2008	213,512	N/A	N/A	35	124,600	N/A	51%	37%	12%	40%	10%	40%	10%

* Source: California Franchise Tax Board, Personal Income Tax Statistics (All Returns - Taxable and Nontaxable)

** Source: 2006 and prior years - Association of Bay Area Governments, 2007 & 2008 - Claritas Estimates (found in City of Fremont website)

** Source: 2001 and prior years - California Employment Development Department (for Alameda County). For 2002 and going forward, the unemployment rate is noted for the City of Fremont (same source).

City of Fremont
Construction Permits and Estimated Value
June 30, 2008
Last Ten Fiscal Years
(Unaudited)

Schedule 14

Fiscal Year	Commercial/Industrial		Residential		Total	
	Number of Permits	Estimated Value	Number of Permits	Estimated Value	Number of Permits	Estimated Value
1998-1999	770	\$ 119,600,880	5,352	\$ 248,200,917	6,122	\$ 367,801,797
1999-2000	875	193,250,601	4,582	158,243,434	5,457	351,494,035
2000-2001	991	229,158,070	4,276	134,146,642	5,267	363,304,712
2001-2002	811	145,224,742	4,162	93,908,111	4,973	239,132,853
2002-2003	744	88,715,823	3,946	93,082,949	4,690	181,798,772
2003-2004	748	131,361,568	4,475	109,895,757	5,223	241,257,325
2004-2005	768	164,351,160	4,392	159,569,872	5,160	323,921,032
2005-2006	935	179,211,699	4,361	160,838,698	5,296	340,050,397
2006-2007	927	155,059,489	4,346	130,771,602	5,273	285,831,091
2007-2008	892	244,837,898	3,464	146,059,745	4,356	390,897,643

Source: City of Fremont Community Development Department

City of Fremont
Principal Employers
June 30, 2008
Last Ten Calendar Years
(Unaudited)

Schedule 15

Employer	2008 *		2007 *		2006	2005	2004	2003	2002 **	2001	2000	1999
	(A)	Rank	(A)	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank
New United Motor Manufacturing	4.68%	1	5.34%	1	1	1	1	1	-	1	1	1
Washington Hospital	2.16%	2	2.25%	2	-	-	-	-	-	-	-	-
Fremont Unified School District	1.51%	3	1.57%	3	-	-	-	-	-	-	-	-
Oplink Communications	1.39%	4	0.84%	10	-	-	-	-	-	-	-	-
Smart Modular Technologies	1.19%	5	1.23%	4	-	5	-	-	-	-	-	-
Lam Research Corporation	1.14%	6	1.18%	5	2	4	2	2	-	4	2	2
Boston Scientific/Target Therapeutics, Inc.	1.08%	7	1.12%	6	-	9	-	-	-	-	-	-
Seagate Magnetics	0.99%	8	-	-	-	-	6	6	-	2	3	3
Western Digital	1.05%	9	1.03%	7	7	10	-	-	-	-	-	-
AXT Incorporated	0.88%	10	0.91%	8	-	-	-	-	-	-	-	-
Asyst Technologies	-	-	0.89%	9	-	-	-	-	-	-	7	9
Office Depot	-	-	0.84%	10	4	7	-	-	-	-	-	-
City of Fremont	-	-	-	-	-	-	-	-	-	-	-	-
Avanex	-	-	-	-	-	-	-	-	-	-	-	-
Soletron California Corp./Fine Pitch	-	-	-	-	5	8	-	-	-	7	-	-
Sysco Food Services	-	-	-	-	6	-	8	8	-	10	10	7
Synnex Information Tech. Inc.	-	-	-	-	-	-	4	4	-	-	-	-
MMC Technology	-	-	-	-	3	6	-	-	-	-	-	-
Kaiser Permanente	-	-	-	-	8	-	-	-	-	-	-	-
Sanmina-SCI	-	-	-	-	9	-	-	-	-	-	-	-
Scios, Inc.	-	-	-	-	10	-	-	-	-	-	-	-
Excel, Inc.	-	-	-	-	-	2	-	-	-	-	-	-
Tandem Staffing	-	-	-	-	-	3	-	-	-	-	-	-
Avant! Corporation	-	-	-	-	-	-	3	3	-	-	-	-
Credence Systems Corporation	-	-	-	-	-	-	5	5	-	-	-	-
Read-Rite Corporation	-	-	-	-	-	-	7	7	-	9	-	10
L S I Logic Corporatino	-	-	-	-	-	-	9	9	-	-	-	-
Extron Logistics, LLC	-	-	-	-	-	-	10	10	-	-	-	-
HMT Technology Corporation	-	-	-	-	-	-	-	-	-	3	4	8
Staff Search	-	-	-	-	-	-	-	-	-	5	5	5
RSP Manufacturing Corporation	-	-	-	-	-	-	-	-	-	6	-	-
Alatron Inc.	-	-	-	-	-	-	-	-	-	8	6	-
Network Equipment Technology	-	-	-	-	-	-	-	-	-	-	8	-
Cirrus Logic, Inc.	-	-	-	-	-	-	-	-	-	-	9	4
Ingram Micro, Inc.	-	-	-	-	-	-	-	-	-	-	-	6

(A) Percentage of total employment.

* The number of total employment for the City is available for the last two fiscal years only.

** Information not available

City of Fremont

Schedule 16

Full-time Equivalent City Government Employees by Function/Program

June 30, 2008

Last Ten Calendar Years

(Unaudited)

<u>Function/Program</u>	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<u>Public Safety</u>										
Fire *	202.00	202.00	205.00	176.20	176.00	157.60	153.00	153.00	153.00	161.00
Police	299.75	313.75	322.75	337.75	337.75	292.90	299.10	294.00	294.00	302.00
Total	501.75	515.75	527.75	513.95	513.75	450.50	452.10	447.00	447.00	463.00
<u>Other Community Services</u>										
Development & Environ. Services	122.00	120.25	122.70	146.80	147.70	121.42	121.00	123.2	106.42	108.3
Economic Development	3.24	2.75	4.00	6.00	4.70	3.64	4.75	4.64	4.64	4.69
Human Services	30.95	33.45	36.45	40.95	44.95	40.57	40.67	43.97	43.97	52.32
Transportation and Operations	124.00	130.00	134.00	145.00	153.00	131.50	132.05	129.3	112.9	116.15
Parks and Recreation	37.10	37.10	39.10	38.60	40.25	36.10	34.85	33.35	67.35	67.35
Housing and Redevelopment	2.26	14.00	15.30	16.05	17.35	13.04	14.68	14.54	13.99	12.91
Total	319.55	337.55	351.55	393.40	407.95	346.27	348.00	349.00	349.27	361.72
<u>Administrative Systems</u>										
City Manager's Office	8.70	12.00	12.00	4.00	4.00	3.00	3.00	3.00	3.00	3.00
Administrative Systems Office	-	-	-	12.00	11.10	5.50	6.50	5.30	4.70	4.70
City Attorney	6.60	9.60	11.00	13.00	13.00	12.00	11.00	10.75	10.75	10.75
City Clerk	10.00	10.00	10.00	9.00	10.50	7.50	7.40	6.40	6.30	5.30
Finance	27.50	27.50	30.65	29.65	30.05	25.40	26.40	25.75	25.75	24.75
Information Systems	9.30	13.00	16.00	18.00	21.00	20.40	20.40	20.40	20.40	21.90
Human Resources	17.00	14.00	16.50	21.00	21.00	17.00	17.50	17.00	17.00	17.00
Total	79.10	86.10	96.15	106.65	110.65	90.80	92.20	88.60	87.90	87.40
CITYWIDE TOTAL	900.40	939.40	975.45	1,014.00	1,032.35	887.57	892.30	884.60	884.17	912.12

* Authorized staffing for the Fire Department included 36 FTEs associated with the Union City fire service contract. The contract was dissolved in FY2000/01.

City of Fremont
Operating Indicators by Function/Program
June 30, 2008
Last Ten Calendar Years
(Unaudited)

Schedule 17

<u>Function/Program</u>	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008 *
<u>Police</u>										
Physical arrests	4,842	4,908	5,610	7,013	6,959	5,658	6,696	6,503	6,535	5,359
Vehicle moving and parking violations	15,796	19,660	18,830	17,615	17,453	15,937	14,176	10,762	14,545	16,448
<u>Fire</u>										
Emergency responses **	12,407	13,339	13,106	12,786	12,761	13,176	12,979	13,338	13,535	N/A
Fires extinguished	420	396	418	366	370	476	447	383	489	N/A
<u>Parks and recreation</u>										
Number of recreation classes registrants	23,860	23,570	24,514	23,393	21,711	21,101	23,150	22,325	24,072	23,293

* As of November 1, 2008

** Includes responses within the City of Fremont only; does not include mutual aid responses to Union City, Newark, etc.

City of Fremont
Capital Asset Statistics by Function/Program
June 30, 2008
Last Ten Calendar Years
(Unaudited)

Schedule 18

<u>Function/Program</u>	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<u>Police</u>										
Stations	1	1	1	1	1	1	1	1	1	1
Police fleet cars & motorcycles	190	221	267	286	288	289	285	285	285	199
<u>Fire</u>										
Stations ¹	13	14	11	11	10	10	10	10	10	10
Engines	19	16	16	16	16	16	16	16	16	16
Trucks	4	3	3	3	3	3	3	3	3	3
Patrols (Wildland units, etc.)	8	6	6	6	6	6	6	6	6	6
<u>Parks and recreations</u>										
Acreage	1,053	1,053	1,053	1,053	1,053	1,053	1,053	1,053	1,053	1,053
Playgrounds	52	52	52	52	52	52	52	52	52	52
Baseball/softball diamonds	24	24	24	24	24	24	24	24	24	24
Soccer/football fields	17	17	17	17	17	17	17	17	17	17
Community centers	5	5	5	5	5	5	5	5	5	5

¹ Fire Station #11 opened in 1999. Decrease in 2000 due to City's disengagement from contract with Union City Fire.
Fire Station #11 closed in 2003 as a result of budget cuts.